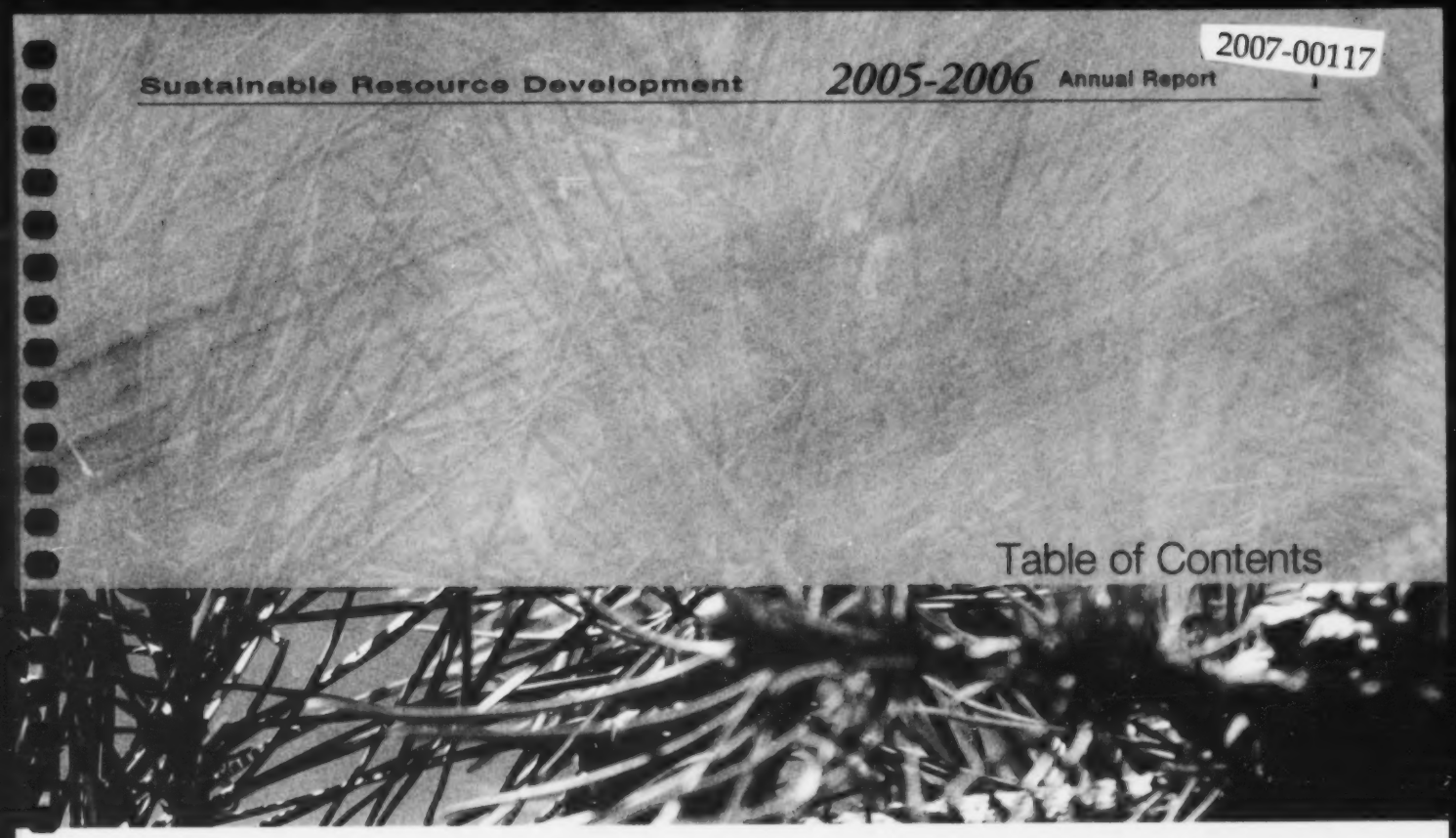
Ministry of Sustainable Resource Development

Annual Report
2005-2006

Alberta

2007-00117



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Vision

Alberta's public lands and natural resources (forests, rangelands, fish and wildlife) are managed within a policy, administrative and regulatory framework that benefits both present and future Albertans.

Mission

To ensure the benefits Albertans receive from Alberta's public lands and natural resources (forests, rangelands, fish and wildlife) are achieved in a manner that is sustainable, equitable, responsible and in the public interest.

Copies of the annual report are available on the Sustainable Resource Development web site or by contacting:

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Preface

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Government Accountability Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 24 ministries.

The annual report of the Government of Alberta released June 26, 2006 contains the Minister of Finance's accountability statement, the consolidated financial statements of the Province and a comparison of the actual performance results to desired results set out in the government's business plan, including the Measuring Up report.

This annual report of the Ministry of Sustainable Resource Development contains the Minister's accountability statement, the audited consolidated financial statements of the Ministry and a comparison of actual performance results to desired results set out in the Ministry business plan. This Ministry annual report also includes:

- **the financial statements of entities making up the Ministry including the Department of Sustainable Resource Development, regulated funds and provincial agencies for which the Minister is responsible, and**
- **other financial information as required by the *Financial Administration Act* and *Government Accountability Act*, either as separate reports or as a part of the financial statements, to the extent that the Ministry has anything to report.**

Minister's Accountability Statement

The Ministry's annual report for the year ended March 31, 2006, was prepared under my direction in accordance with the *Government Accountability Act* and the government's accounting policies. All of the government's policy decisions as at August 28, 2006, with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.

David Coutts
Minister of Sustainable Resource Development

Minister's Message

I am pleased to provide the 2005-06 Sustainable Resource Development annual report highlighting the Ministry's efforts to sustainably manage our public lands, forests, fish and wildlife resources for present and future generations of Albertans.

In serving the Ministry's mandate, staff remained committed to ensuring that our natural resources provide both prosperity and environmental diversity for all Albertans, today and in the future.

Last year we strengthened our commitment to balance the economic, environmental and social values of Albertans in land-use decision-making. The Ministry initiated development of a framework to guide land-use planning and established the office of Sustainable Resource and Environmental Management to integrate planning and decision-making among several provincial ministries.

To meet the challenges of population growth, landscape pressures and natural events, the Ministry stepped up stewardship efforts, increased the number of resource managers on the landscape and took innovative steps to protect crucial wildlife infrastructure. For example, Alberta took a series of actions to add a greater level of protection for woodland caribou. Caribou are now managed within five large landscape-planning areas, each containing several caribou populations. We also formed a single Alberta Caribou Committee to co-ordinate activities, created a caribou landscape planning team and promoted industry best practices more widely to companies operating on all caribou ranges.

The Department continued its concerted effort to prevent mountain pine beetle infestations from taking hold in the province. We worked closely with key stakeholders to manage this threat to our forests, including identifying, cutting and burning beetle-infested pine trees in the province and co-operating with British Columbia to take action in areas of concern along our shared border.

Sustainable Resource Development battled over 1,320 wildfires in the 2005 fire season, covering more than 61,500 hectares. Our commitment to protect Alberta's forest also included upgrades to the province's firefighting aircraft, airtanker bases and warehouse service centre.

As well, the Department made new funding available to help protect people and property from the potential impacts of fire. The FireSmart Community Grant Program encourages communities to develop plans, add resources and take actions to reduce wildfire risks.

Sustainable Resource Development continued to carefully manage our fish and wildlife resources to ensure that Albertans received significant environmental, recreational and economic benefits. This included the presentation of a well-managed hunting and fishing season. During the 2005 season, the Department sold 461,000 hunting licences and 205,000 fishing licences were purchased worth over $12 million.

The Department committed new funding towards fisheries revitalization. Projects included the launch of a multi-year program to restore fish populations in Lac La Biche to reverse changes in the structure of fish populations in the lake.

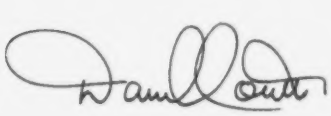
Careful allocation of hunting opportunities helped decrease deer populations in areas where wildlife-vehicle collisions are a problem. To address chronic wasting disease discovered in wild deer in Alberta for the first time, we shifted internal resources to increase hunting opportunities in target areas to help decrease deer populations and reduce the potential spread of the disease.

Governance reviews were carried out on the Surface Rights and Land Compensation boards to determine what changes, if any, were necessary to help them meet their respective responsibilities. A governance review of the Natural Resources Conservation Board led to a new structure being adopted to better serve its quasi-judicial appeal role and administrative functions.

The Department participated in Alberta's successful centennial celebrations through a series of events that included a ceremonial tree-planting at the Legislature Grounds in Edmonton, involving Junior Forest Wardens. As well, the Department marked 75 years of managing the province's forestry, lands and wildlife resources for the benefit of all Albertans.

Sustainable Resource Development also initiated a program to preserve noteworthy trees in the province's forest. The Trees of Renown program encourages Albertans to nominate official protection for trees of historic, environmental or general significance

I invite you to read the full account this document provides of the Ministry's efforts to ensure Albertans benefit from the province's renewable resources and public lands.



David Coutts
Minister of Sustainable Resource Development

Management's Responsibility for Reporting

The Ministry of Sustainable Resource Development includes the Department of Sustainable Resource Development, the Natural Resources Conservation Board, the Surface Rights Board, the Land Compensation Board, and the Environmental Protection and Enhancement Fund.

The executives of the individual entities within the Ministry have the primary responsibility and accountability for the respective entities. Collectively, the executives ensure the Ministry complies with all relevant legislation, regulations and policies.

Ministry business plans, annual reports, performance results and the supporting management information are integral to the government's fiscal and business plans, annual report, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the consolidated financial statements and performance results for the Ministry rests with the Minister of Sustainable Resource Development. Under the direction of the Minister, I oversee the preparation of the Ministry's annual report, including consolidated financial statements and performance results. The consolidated financial statements and the performance results, of necessity, include amounts that are based on estimates and judgments. The consolidated financial statements are prepared in accordance with the government's stated accounting policies.

As Deputy Minister, in addition to program responsibilities, I establish and maintain the Ministry's financial administration and reporting functions. The Ministry maintains systems of financial management and internal control which give consideration to costs, benefits, and risks that are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money,
- provide information to manage and report on performance,
- safeguard the assets and properties of the Province under Ministry administration,
- provide Executive Council, Treasury Board, the Minister of Finance and the Minister of Sustainable Resource Development with any information needed to fulfill their responsibilities, and
- facilitate preparation of Ministry business plans and annual reports required under the *Government Accountability Act*. In fulfilling my responsibilities for the Ministry, I have relied, as necessary, on the executive of the individual entities within the Ministry.

Brad Pickering, Deputy Minister
August 28, 2006

Overview

The Ministry of Sustainable Resource Development includes the Department of Sustainable Resource Development, the Natural Resources Conservation Board, the Surface Rights Board, the Land Compensation Board, and the Environmental Protection and Enhancement Fund.

The Department of Sustainable Resource Development

The Department of Sustainable Resource Development has the following divisions: Forest Protection, Fish and Wildlife, Public Lands and Forests, Strategic Forestry Initiatives, Sustainable Resource and Environmental Management, and Strategic Corporate Services.

The Ministry delivers the following core businesses:

- Wildfire Management
- Natural Resource and Public Land Management, and
- Land, Access and Compensation Boards.

Forest Protection Division

The Forest Protection Division is responsible for wildfire management. Operating in the Forest Protection Area of the province (the area in which the Ministry has the legislated mandate to manage, suppress and control wildfires) the division has five branches that develop, implement and support programs to protect the multiple benefits received from forests: Wildfire Operations, Wildfire Prevention, Wildfire Services, Wildfire Information, and Wildfire Policy and Business Planning.

Objectives for the division include:

- Providing a preparedness framework to respond to wildfires; key elements of the framework include effective policies, training, prevention, rapid detection and early response.
- Working co-operatively with municipalities, industry and other stakeholders to reduce the risk and damage caused by wildfire.
- Supporting outreach programs that promote responsible forest management.
- Using the best science and technology available to prevent and quickly contain and suppress wildfires to minimize losses.

Top firefighting priorities are (from highest to lowest) the protection of human lives, communities, sensitive watersheds and soils, natural resources and infrastructure.

Fish and Wildlife Division

The Fish and Wildlife Division ensures that Alberta's wild species are managed and used in a manner that optimizes the environmental, social, and economic benefits Albertans receive from these resources, while ensuring they are sustained for future generations. The division's key areas of focus include:

- Managing fish and wildlife populations for domestic, recreational and commercial uses, through a process involving assessment, planning and allocation.
- Managing protected species and species at risk through assessment, planning and implementing recovery actions, where necessary.
- Working with land managers to manage and conserve wildlife habitat where appropriate.
- Ensuring a clear and effective policy and legislative framework for managing wild species.
- Maintaining high levels of compliance with fish and wildlife legislation through education, prevention and enforcement programs.
- Minimizing human-wildlife conflicts by providing assistance and information to landowners and the public.
- Minimizing threats from fish and wildlife diseases and invasive alien species.

Programs to manage fish and wildlife are delivered through four branches: Wildlife Management, Fisheries Management, Enforcement-Field Services, and Policy and Business Management.

Public Lands and Forests Division

The Public Lands and Forests Division oversees the development and delivery of programs that provide opportunities and benefits to industry sectors, communities and other stakeholders within Alberta's natural resource and public land management framework. Programs are designed to facilitate responsible access to the province's natural resources and reduce land-use conflicts, while balancing social and ecological needs. The division's key areas of focus include:

- Managing agricultural, commercial, industrial and recreational use of all public land in the province.
- Managing, reducing and reclaiming the disturbance footprint caused by industrial and recreational users on all public lands, through the Integrated Land Management Program (ILM) in partnership with industry.
- Stewarding Alberta's forest resources.
- Allocating timber to the public through commercial and local timber permits.
- Setting and approving the annual allowable cut for the province. The annual allowable cut is the maximum amount of timber that can be harvested sustainably each year from a defined area.
- Conducting long-term forest management planning and managing the Mountain Pine Beetle Control Program.
- Developing and implementing appropriate public land policies, procedures, guidelines and operational land-use plans.
- Managing the use of Alberta's public land by issuing land-use dispositions and regulating geophysical activities in a timely manner, collecting revenue and maintaining disposition conditions.
- Monitoring compliance with the *Forests Act* and *Public Lands Act* through a series of regularly scheduled and random audits, and through information provided by self-reporting disposition holders.

- Allocating and managing rangeland resources to maintain their health.

Alberta's natural resources are sustained through the implementation of programs and initiatives by the division's six branches: Forest Operations, Forest Management, Land Use Operations, Rangeland Management, Dispositions and Technical Services, and Business Planning and Corporate Support.

Strategic Forestry Initiatives Division

The Strategic Forestry Initiatives Division focuses on long-term forestry issues and strategic initiatives. These include:

- The softwood lumber trade dispute with the United States.
- Finalizing strategies for the remaining unallocated timber in the province.
- Tenure renewal.
- Forest industry development issues such as maintaining the competitiveness of Alberta's forest products industry. The division includes two branches: Stumpage and Tenure, and Forest Industry Development.

Sustainable Resource and Environmental Management (SREM)

In September 2005, Sustainable Resource Development, Energy and Environment established the SREM cross-ministry office to help support them in furthering their commitment to SREM. This office has the mandate, over two years, to support these departments (and their partners) in furthering SREM as the basis for the way they deliver their collective mandates.

SREM's objectives are to:

- Promote and strengthen leadership, integration, collaboration and communication across ministries to facilitate better ways of thinking, acting and working together.
- Contribute to and act as a forum for discussion, information-sharing and co-ordination on specific strategic cross-department initiatives.
- Support effective implementation of co-ordinated action on key corporate issues.
- Provide strategic advice and analysis to executives, managers, supervisors and staff on SREM as a strategic systems approach, including the behavioural and cultural shifts needed to support it.

Strategic Corporate Services Division

The Strategic Corporate Services Division provides corporate operational services to the Ministry through four branches: Central Administration, Finance, Information Communication Technology, and Resource Information Management. The division's key areas of focus include:

- Co-ordinating, planning, compiling and presenting budgets, forecasts and financial statements.
- Providing financial advisory services, developing and distributing Department financial policies and procedures and co-ordinating report initiatives.
- Managing accounting processes related to accounts payable, human resources expenditures, accounts receivable, capital assets, contracts and grants.
- Administering the forest fire payroll system for wage staff and collecting, managing and reporting on Department revenue and expenditures.
- Providing direction, advice and co-ordination on corporate information technology.
- Overseeing the management and delivery of the Department's information technology infrastructure.

- Providing information technology services and support for Departmental business applications, financial applications and office support systems.
- Overseeing provincial mapping and natural resource inventory programs, co-ordinating other land information and resource data, and providing a variety of land-related information to clients.
- Providing direction, advice and management on corporate administration issues related to equipment, facilities and business continuity planning.
- Providing leadership and meeting the Ministry's needs related to records management, and knowledge and information management.
- Managing the Information Centre that provides general and program information to the public, other government departments and departmental staff.

Regional Executive Directors

Regional Executive Directors provide policy direction to Sustainable Resource Development field operations throughout the province. Each director is responsible for a specific area of the province and is a member of the Ministry's Executive Committee.

Support Services

Supporting the operating divisions are staff from specialized areas including Communications, Human Resources, and Policy and Planning.

Other Ministry Entities

Natural Resources Conservation Board

The Natural Resources Conservation Board reviews proposed major, non-energy natural resource projects to ensure they are in the public interest. Projects reviewed include proposed forestry, recreation, tourism, mining and water management developments.

The board also ensures that development of Alberta's confined feeding industry reflects public policy, and that confined feeding operations and manure management practices are conducted in accordance with the *Agricultural Operation Practices Act*. This is done through the three business functions of assessment and approval, compliance and enforcement, and review.

Surface Rights Board

The Surface Rights Board (SRB), is an arbitration board empowered to authorize entry on private and occupied Crown land for energy activities when parties fail to reach agreement. The SRB also sets the compensation paid by natural resources companies to the persons affected by their entry.

Land Compensation Board

The Land Compensation Board (LCB) is an arbitration board authorized to determine the amount of compensation paid to landowners or tenants when their land is taken by an authority such as a municipality or the Province for public works or projects.

The Environmental Protection and Enhancement Fund

The Environmental Protection and Enhancement Fund is used for environmental emergencies and environmental protection or enhancement. The Department contributes to the fund's revenues primarily through timber royalties and fees. Sustainable Resource Development draws from the fund's Natural Resources Emergency Program to cover firefighting expenditures and support forest health and intercept feeding (preventing damage caused by wildlife to stacked and stored feed and grain piles by using scare devices and repellents, and providing alternate food sources) and fencing programs.

Core Businesses

The Department of Sustainable Resource Development delivers three core businesses:

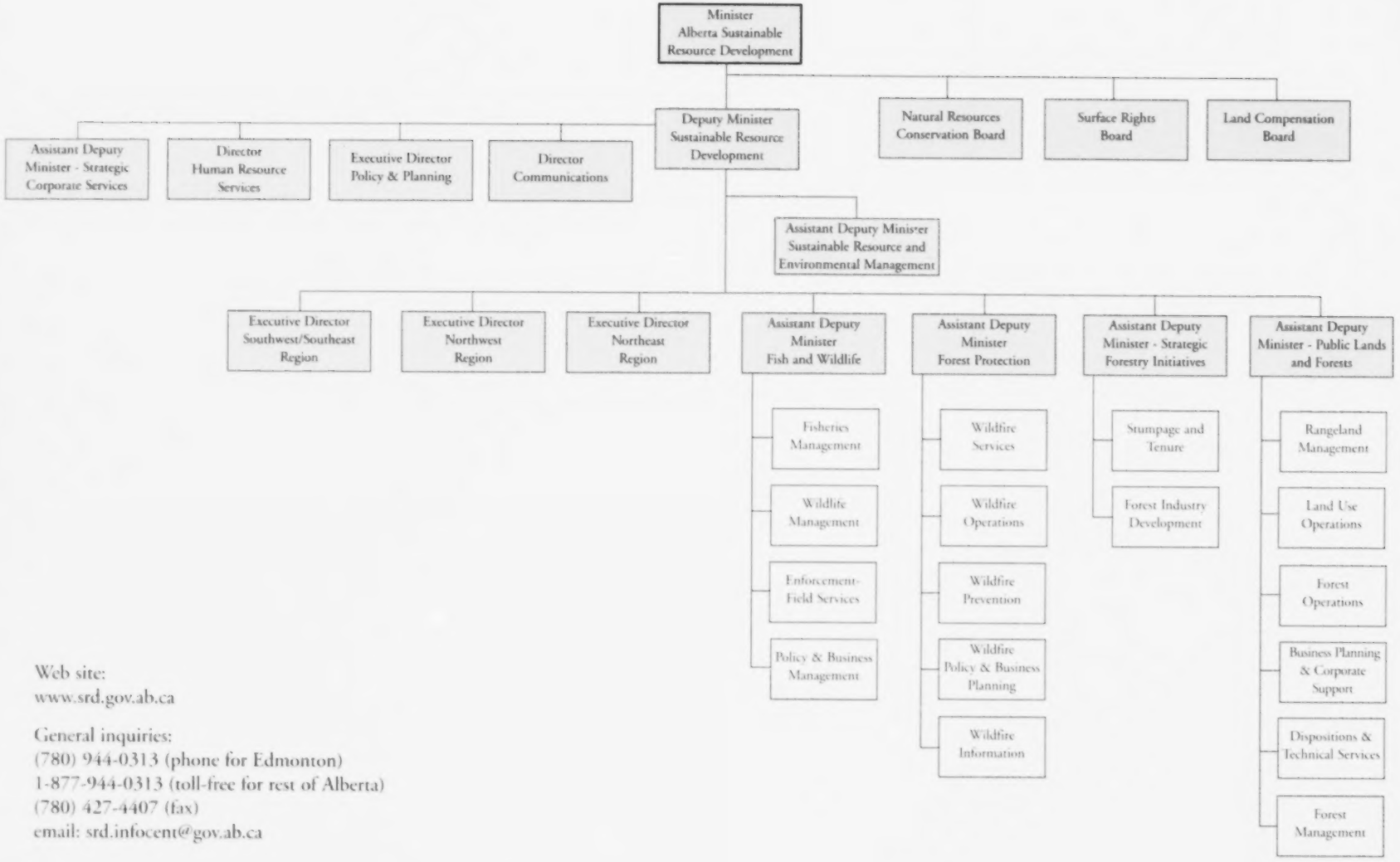
Core Business 1: Wildfire Management, protects the multiple benefits received from forests within the Forest Protection Area of the province by working co-operatively with municipalities, industry and other stakeholders; supporting outreach programs that promote responsible forest management; and using the best science and technology available to prevent and suppress wildfires.

Core Business 2: Natural Resource and Public Land Management, integrates leading planning and management practices to develop common goals for ecological systems that cross multiple stakeholders and demands. This "place based" stewardship approach to natural resources management combines the efforts of all Divisions toward achieving the goal of sustaining Alberta's natural resources.

Core Business 3: Land, Access and Compensation Boards are the purview of the Ministry's three boards, which are guided by specific legislation that provide the boards with their mandates. While these boards report to the Minister of Sustainable Resource Development, they make their formal decisions independently, in accordance with the legislation under which they operate.

- The Natural Resources Conservation Board conducts independent public reviews of major non-energy projects that may affect the natural resources of Alberta. It is also responsible for regulating new or expanding confined feeding operations.
- The Surface Rights Board conducts hearings when an operator and a landowner or an occupant fail to reach agreement regarding entry or compensation related to resource activity on privately owned land or occupied public lands.
- The Land Compensation Board is responsible for determining compensation when landowners' property is expropriated by a public authority.

Organization Chart



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Program Initiatives and Significant Accomplishments

Sustainable Resource Development was involved in numerous activities during 2005-06, as demonstrated in the Results Analysis section of this report (p. 29). The following information outlines the main program initiatives, significant accomplishments, major consultations and legislative changes that took place during the year.

Wildfire Management

The Department responded to approximately 1,320 wildfires during the 2005 fire season. These wildfires burned more than 60,500 hectares. The Department also initiated three major capital projects to upgrade the provincial warehouse and service centre, provincial airtanker bases and government-owned CL-215 airtankers.

The Department continued to reduce the risk and damage caused by wildfires by incorporating FireSmart practices and principles in co-operation with the public, industry and local governments. In 2005, 32 FireSmart projects were in various stages of implementation in Alberta communities. FireSmart involves being aware of the potential for wildfire and the options for managing its impacts and effects.

Sustainable Resource and Environmental Management Framework

Sustainable Resource Development, together with Energy and Environment, committed to and signed a Sustainable Resource and Environmental Management (SREM) Charter. This charter confirms the commitment to work more closely with each other, other departments, and Albertans to integrate natural resource and environmental management policies, streamline regulatory processes and align information that can be shared. SREM is an approach—a way of thinking and acting—to working together and taking joint responsibility to achieve agreed-upon natural resource and environmental outcomes. Through SREM, Alberta aims to become the best natural resource and environmental manager in the world.

SREM accomplishments in 2005-06 include the following highlights:

The Land Use Framework

Sustainable Resource Development is leading cross-ministry work on a provincial Land Use Framework. The Land Use Framework will provide an over-arching vision and outcomes for land use in the province. Development of the framework will engage Albertans in a discussion of current and future land use needs, issues, and opportunities. In 2005-06, government approved the project's scope and schedule, as well as the consultation process the project will use.

The Oilsands Strategy

The government formed a Stakeholder Consultation Group to recommend plans for consulting on policy principles for Alberta's oilsands area. The MLA-led Stakeholder Consultation Group submitted its recommendations on March 31, 2006, and they will be implemented in 2006-07. The project was initiated to ensure that provincial oilsands development occurs in a manner that is in the best interest of all Albertans.

Upstream Oil and Gas Regulatory Review

A cross-ministry team developed an interim report recommending strategies and actions that could lead to an integrated policy framework for the upstream oil and gas sector. This project was initiated to develop a framework for managing upstream oil and gas development, which improves clarity, efficiency, and accountability for industry and government, and is open and transparent to the public.

Information Sharing

An information-sharing initiative for Sustainable Resource Development, Energy and Environment is underway. Agreement on principles for information sharing has been reached and a cross-ministry project team has been established to explore opportunities for integrating information systems. A project was also initiated with the Alberta Chamber of Resources to share information and identify gaps in land information analysis.

Integrated Land Management Program

The Department initiated the Integrated Land Management (ILM) Program as an important tool for addressing land-based challenges in Alberta. It focuses on managing and reducing the industrial, recreational and other disturbance footprints on Alberta land, reclaiming the land, and providing an appropriate level of land access. The ILM Program is intended to become a significant implementation mechanism of the Land Use Framework currently under development.

Mountain Pine Beetle

The Department implemented an aggressive cut and burn program to help control the spread of the mountain pine beetle. The objective was to remove beetle-infested lodgepole pine trees to reduce beetle spread in the province. Approximately 14,000 infested trees were cut and burned in 2005. In addition, planning began for the Mountain Pine Beetle Summit in May 2006 to inform community representatives about the beetle threat to Alberta forests.

Forest Management Planning

The Forest Management Agreement Renewal Policy was completed. It places more emphasis on sustainable forest management criteria such as verifiable and sustainable annual allowable cuts, prompt reforestation, habitat protection, and fibre utilization. Forest management agreements are the long-term, area-based agreements timber companies enter into with the provincial government in exchange for harvesting timber from Crown land. The criteria-based renewal model helps ensure that Albertans receive appropriate benefits from their forest resource.

An updated Forest Management Planning Standard was also developed that will replace the Interim Forest Management Planning Manual. This ensures forests are managed sustainably, and that the forest industry remains current and competitive with other jurisdictions worldwide.

The Department also initiated a project in partnership with the Alberta Forest Products Association to address global business environment changes impacting forest sector competitiveness. This project is exploring potential new business models designed to maintain a vibrant forest industry in Alberta.

Biodiversity

The Department continued to support development of an Alberta Biodiversity Strategy to maintain a great diversity of living things in Alberta. Three biodiversity information sheets were created to support stakeholder and public discussion. The Alberta Biodiversity Monitoring Program was also supported through a third year of pilot-testing in forested areas of north-central Alberta. This pilot program provides independent information on the status of biodiversity in the province.

Water for Life: Alberta's Strategy for Sustainability

Sustainable Resource Development supported other Alberta ministries, partners and stakeholders in implementing the Water for Life Strategy through:

- active involvement in the Alberta Water Council and watershed planning and advisory councils.
- focusing resources on meeting the strategy's Healthy Aquatic Ecosystems, Partnerships and Information and Knowledge objectives.
- leading the development of baseline data inventories to support improved resource management decision-making.
- increasing public awareness and understanding of water-related concerns through education and outreach activities such as the Respect the Land Program.

Governance Reviews of Boards and Agencies

Sustainable Resource Development commissioned independent, comprehensive governance reviews of the Natural Resources Conservation Board, the Surface Rights Board and the Land Compensation Board. The Department is working with these boards to update operational procedures and improve board structure, membership and organization as a result of the review recommendations. The Department also initiated a review of the Alberta Conservation Association to examine its role in managing the province's fish and wildlife resources.

New Zoo Standards

The Department developed new zoo standards, setting out basic requirements for all Alberta zoos aimed at providing comprehensive regulation of animal welfare and human safety.

Ghost-Wairparous Area Planning

A new access management plan for the Ghost-Waiparous area near Cochrane was developed to ensure the area's natural resources and recreational uses are sustained for present and future Albertans. Implementation is planned in 2006-07.

Digital Integrated Dispositions

Sustainable Resource Development started digital mapping of disposition activities (leases, licences and permits) on Alberta's public land. The four-year project will map 220,000 existing dispositions and each year's estimated 20,000 new dispositions. The project follows the provincial model used by the Land Titles Office, which involves using mapping fees and digital plan submissions to fund and build the spatial database.

Grizzly Bear Management

Sustainable Resource Development suspended the annual spring grizzly bear hunt to allow DNA census data to be compiled. The data will help the Department make better population estimates and influence a proactive, adaptive and common-sense approach to ensuring the long-term survival of grizzly bears in Alberta.

Cross-ministry Initiatives

Aboriginal Policy Initiative

Sustainable Resource Development undertook extensive consultations with aboriginal communities and organizations. The Government of Alberta's First Nations Consultation Policy on Land Management and Resource Development was completed in May 2005 and is now guiding the development of detailed consultation guidelines.

Other highlights included:

- an interim approach to consultation developed for the 2005-06 drilling season,
- 35 aboriginal units contracted to fight wildfires,
- seven aboriginal crews established under the Department's Aboriginal Junior Forest Ranger Program, and
- FireSmart projects in seven aboriginal communities to reduce wildfire risk.

Alberta Children and Youth Initiative

2005 marked the 75th anniversary of the Junior Forest Warden Program. This is an activity-based program that allows children aged six to18 years and their families to join in a club that focuses on the natural environment. This program is delivered through a partnership between the Department and the Alberta Junior Forest Warden Association.

The Department also continued to develop and deliver the Junior Forest Ranger Program. This program provides students aged 16 to 19 with unique work, educational and life experiences related to managing wildfire and natural resources.

Economic Development and Innovation Initiative

An alliance between the Department and Forintek implemented several key research projects with the forest products industry to develop value-added wood products. The alliance is a project that will build capacity in policy, product research, technology application and technology transfer in the forestry industry.

Leading in Learning and Skilled Workforce Initiative

Service Excellence
GOVERNMENT OF ALBERTA

The Department continued to conduct wildfire and natural resource management training at the Hinton Training Centre. The centre designed and delivered the first formal forest protection training curriculum to Junior Forest Rangers. It also provided wildfire management training for Sustainable Resource Development staff. In 2005, the Hinton Training Centre received a Service Excellence Award from the Deputy Minister of Executive Council in recognition of the excellent service it provides.

Under a co-operative agreement, the Department also undertook a pilot project to provide advanced firefighting training and Junior Forest Ranger experience to four individuals from Jalisco, Mexico.

Sustainable Resource Development undertook a recruitment initiative in eastern Canada to address workforce shortages. Department staff traveled to Ontario and New Brunswick to give presentations, interview candidates and offer positions to qualified individuals interested in working for Sustainable Resource Development.

Major Consultations

Sustainable Resource Development conducted several notable consultations in 2005-06:

- After consulting with a wide range of stakeholders, Sustainable Resource Development strengthened the standards used by the forest industry for forest management planning. The updated standards include clear and measurable performance expectations for forest companies, requirements for meaningful public participation, measures to safeguard biodiversity resources and a more effective planning process.
- The Alberta Fisheries Management Round Table was established to engage stakeholders in discussing current issues in managing Alberta's fisheries.
- The Department participated in the 2005 Survey of Recreational Fishing in Canada, the seventh in a series of national surveys of trends conducted every five years since 1975.
- In consultation with the Alberta Sand and Gravel Association and other key stakeholders, the Department reviewed sand and gravel allocations on public land to ensure it is allocated fairly and benefits Albertans appropriately.

Legislative and Policy Changes

In 2005-06, Sustainable Resource Development:

- obtained government approval for an updated policy and process for renewing forest management agreements.
- proclaimed the *Surface Rights Amendment Act*, 2005, as a result of changes made in 2003 to the *Environmental Protection and Enhancement Act*, which deal with land reclamation and remediation requirements. This legislation gives the Surface Rights Board the authority to order re-entry on land to address reclamation and remediation work in situations where a company and a landowner or occupant cannot reach mutual agreement for access.
- amended the Timber Management Regulation and Forest Resource Improvement Regulation to update costs and other parameters related to Alberta's softwood stumpage system (dues for harvesting timber from Crown land). Adjustments were made to this dues system to achieve a fairer and more appropriate level of revenues.
- amended the Wildlife Regulation to:
  - increase deer, moose and elk hunting opportunities due to higher numbers of these species,
  - stop hunting for migratory game birds in specified areas of Wabamun Lake due to the oil spill in August 2005,
  - adjust annual trapping and cougar quotas,
  - adjust deer seasons on the Blood Indian Reserve,
  - establish zoo standards, and
  - establish a new wildlife control area to protect caribou.
- amended the General Fisheries (Alberta) Regulation to create some specified penalties for existing offences and to prohibit live possession of crayfish from most waters.
- proclaimed sections of the *Public Lands Amendment Act* providing for bison grazing on public land in accordance with the amended Dispostion and Fees Regulation that came into effect October 1, 2005.
- amended the Forest Protection (Payment for Services, Vehicles and Equipment) Regulation to reflect applicable services, vehicles and equipment used in firefighting activities and the related costs.

Key Factors Influencing Performance

Chronic wasting disease in wild deer was detected for the first time in Alberta near the Saskatchewan border. This detection triggered a cull of almost 1,700 deer, requiring a major reallocation of staff and budgetary resources from other tasks.

The spread of mountain pine beetle from British Columbia to Alberta made it necessary to reallocate staff to control forest infestations with targeted cut and burn programs.

Ongoing rapid industrial development on the Alberta landscape continued to increase the Department workload through environmental impact assessment reviews, habitat conservation efforts and other requirements, and to pose a considerable challenge to conservation of many sensitive plant and wildlife species. High levels of development also meant an 18 per cent increase in applications for industrial land-use dispositions and more staff time to process these applications.

Recreational and industrial activities also influenced the Department's performance in terms of wildfire management. These activities continued to increase in the Forest Protection Area, affecting the number of wildfires started by humans.

Future Challenges

Climate change is likely to pose a major challenge to our ability to conserve and enjoy our rich biodiversity. In addition, climatic variations, including the potential for prolonged drought, may reduce annual allocations of rangeland for grazing, and increase the risk of insects, disease and wildfires.

As Alberta's forests age, the increased amounts of forest fuels will make it more challenging to manage wildfires and control insects and disease. Wildfires and pests, such as the mountain pine beetle, are environmental issues that may require changes to harvesting and reforestation timelines. The challenge of controlling the current outbreak of mountain pine beetle will continue to be a priority for the Department.

Cumulative effects of human activities and competing interests on the landscape—including oil and gas development, roads, intensification of agricultural and forest management operations and increased water demands—are likely to pose new ecosystem threats and greater challenges to conservation and enjoyment of Alberta's wild species.

Resource development will continue to be a vital part of the Alberta economy into the foreseeable future. To support their economic viability and growth, many industries (oil and gas, forestry, agriculture, tourism) require increasing and secure access to public land and its associated natural resources. This means that increasing volumes of disposition applications will need to be addressed. At the same time, Albertans want access to public land for a wide spectrum of recreational activities (e.g., off-road vehicles, hunting, fishing, nature appreciation). The forecast for continued growth poses complex challenges for government to manage provincial land use in a sustainable manner in the best interest of all Albertans.

The forest industry is not benefiting as much as other industry sectors during Alberta's economic good fortunes. The competitiveness of Alberta's forest sector is suffering because of unfavourable North American lumber market conditions and the high value of the Canadian dollar. Without gains in process efficiency or diversification into value-added wood products, Alberta's forest industry may not be able to continue to compete in the global economy.

Recruitment and retention of skilled staff will continue to be a challenge due to Alberta's current economic situation and related labour shortages.

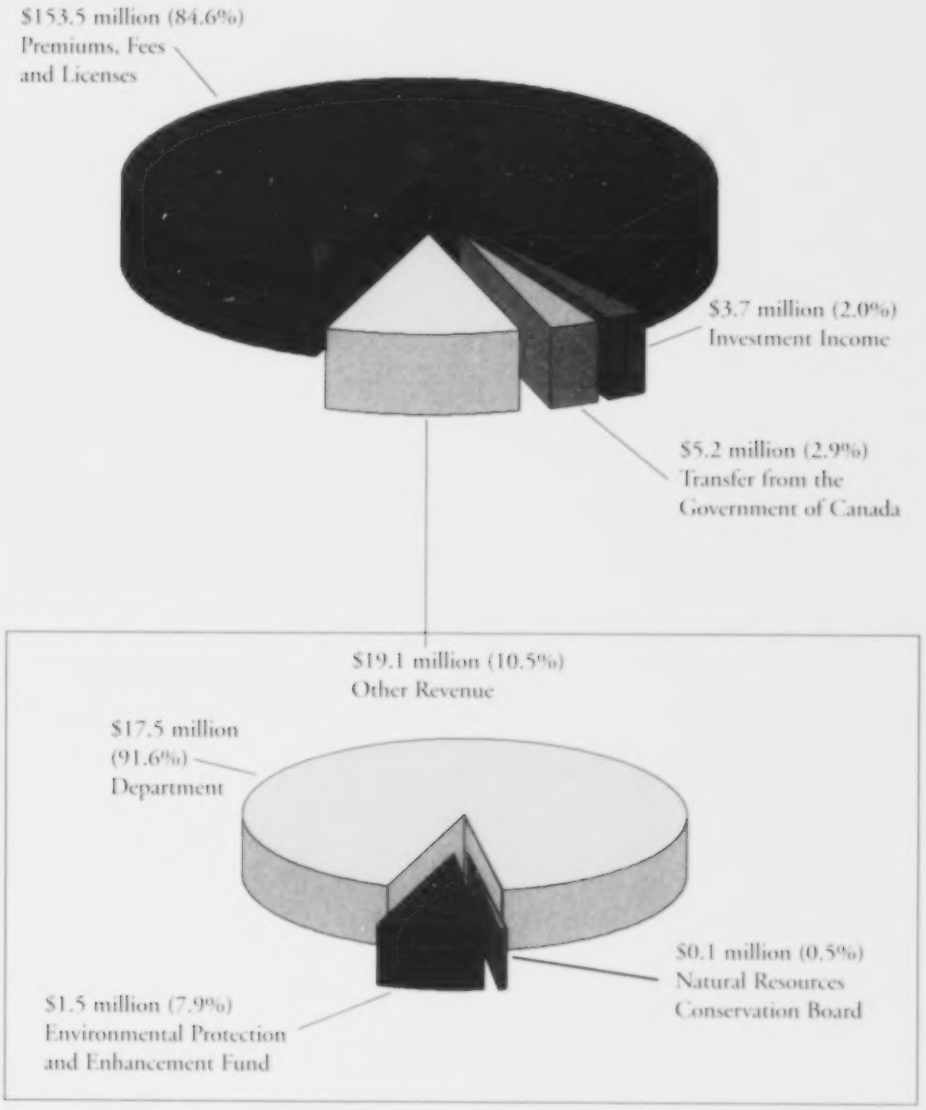
Financial Highlights

Ministry of Sustainable Resource Development

For the fiscal year ended March 31, 2006
(in thousands)

	2006 Budget	2006 Actual	2005 Actual
Revenues	$ 155,951	$ 181,530	$ 202,702
Expenses			
Program Expenses	229,087	311,680	321,441
Valuation Adjustments	1,055	1,218	444
	230,142	312,898	321,885
Gain on Disposal of Capital Assets	4,000	1,984	2,202
Net Operating Results	$ (70,191)	$ (129,384)	$ (116,981)
Capital Expenditures	**$ 28,177**	**$ 15,925**	**$ 10,382**

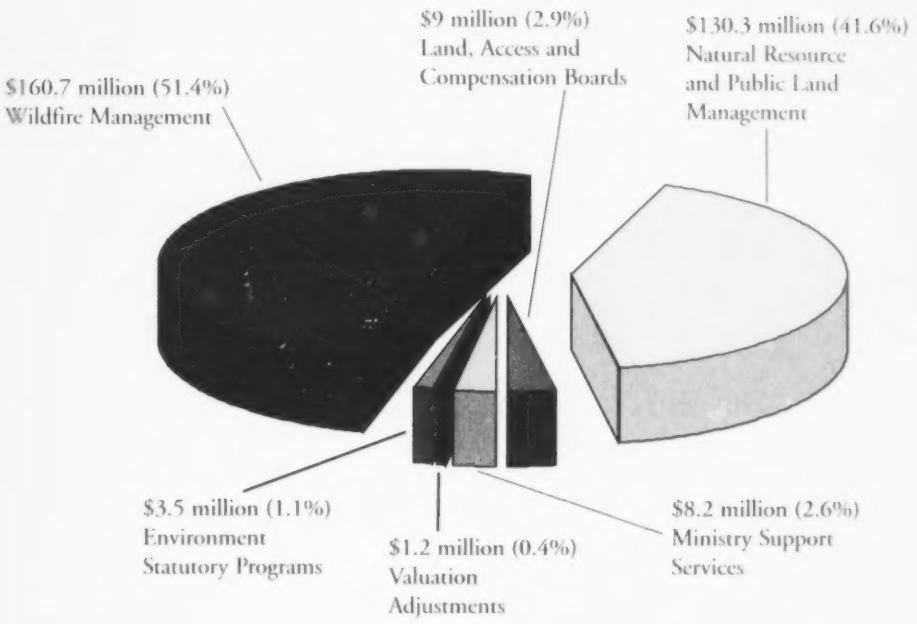
Ministry Revenue by Source



TOTAL REVENUE (in millions) **$181.5**

	2006	2005
Assets	$ 428,209	$ 368,511
Liabilities	$ 72,615	$ 66,394
Net Assets	$ 355,594	$ 302,117

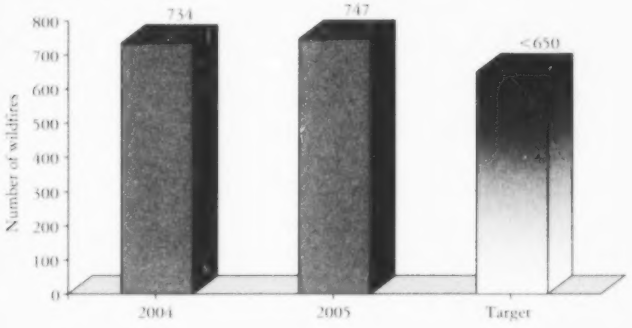
Ministry Voted Program and Statutory Expenses



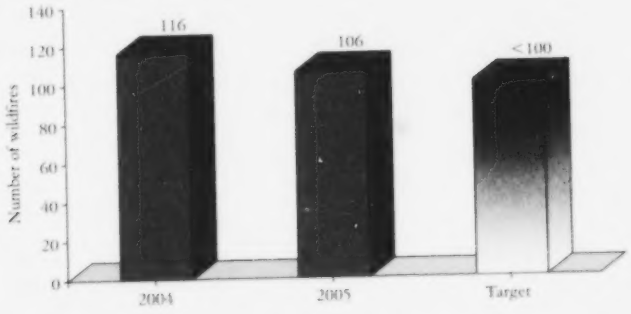
TOTAL VOTED AND STATUTORY EXPENSES (in millions) **$312.9**

Performance Measures Highlights

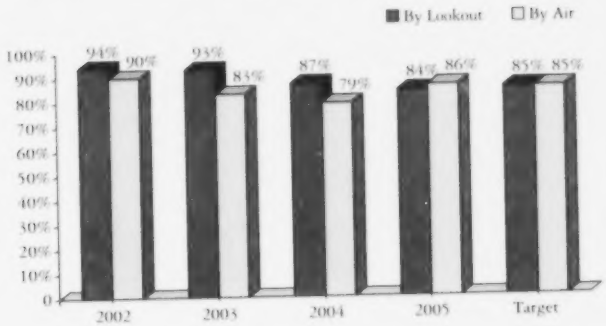
Wildfires caused by humans



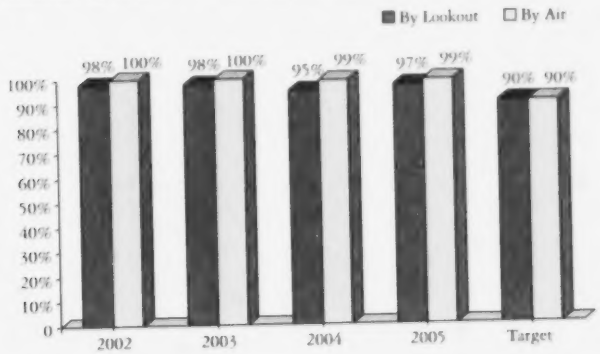
Wildfires caused by industry



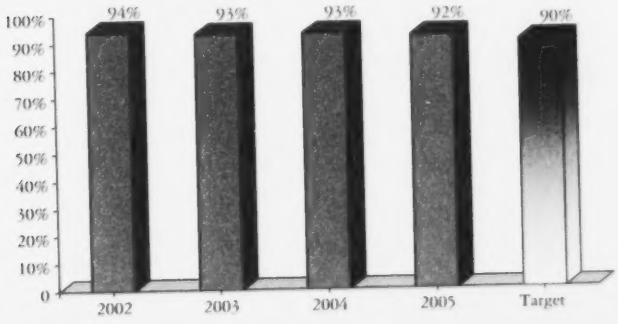
Wildfires detected before reaching .1 hectare



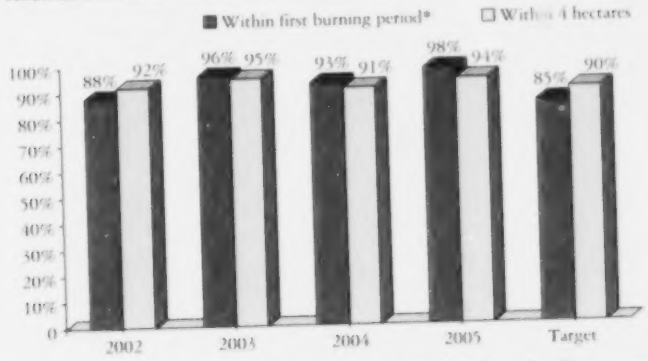
Wildfires reported within 5 minutes of detection



Wildfires actioned by 2 hectares in size

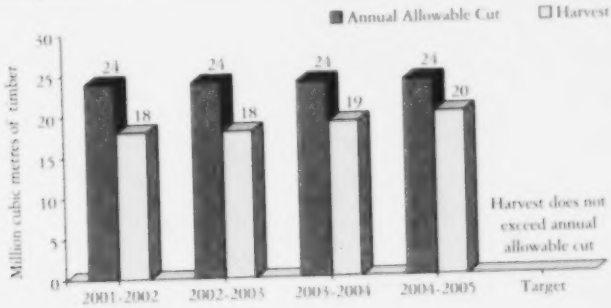


Wildfires contained at 4 hectares or within first burning period

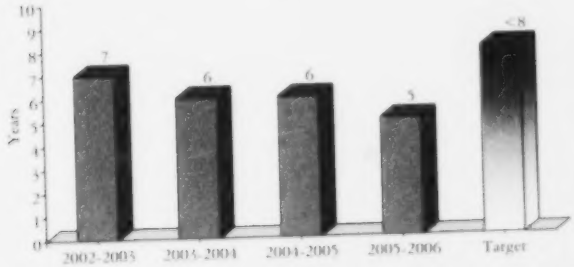


* First burning period means contained by 10 a.m. the day following when first reported

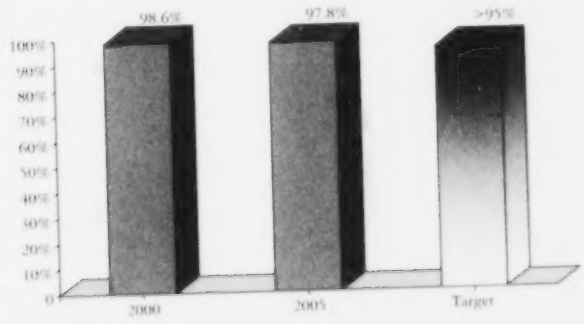
Comparison of annual timber cut allowed with actual amount harvested



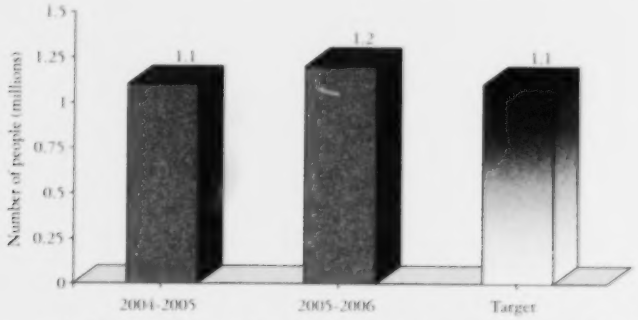
Average age of approved forest management plans



Species that are healthy and sustainable

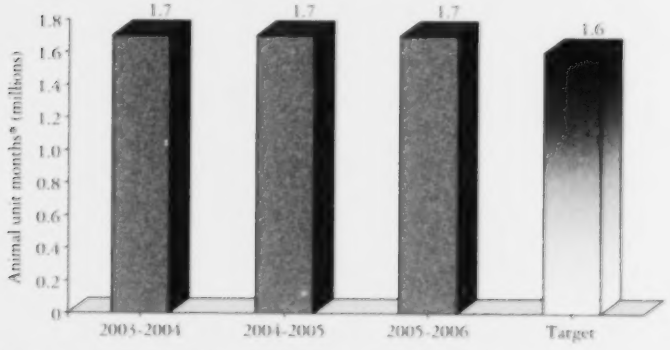


Albertans who derived non-consumptive* benefits from provincial wildlife



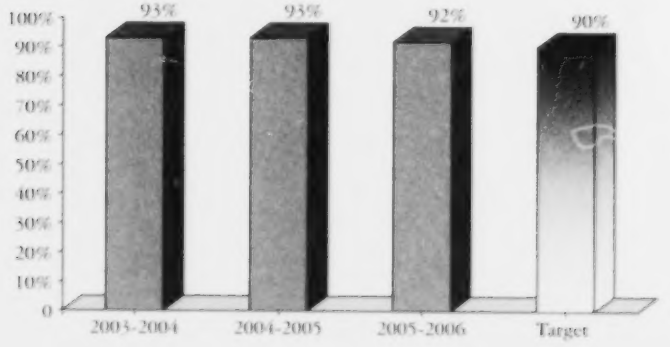
* Non-consumptive benefits include watching, feeding, photographing or studying wildlife. They do not include hunting or fishing.

Animal unit months allocated under grazing dispositions

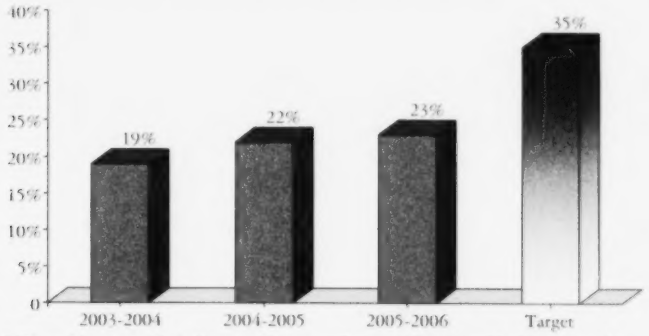


* An animal unit month is the amount of forage required to feed one animal unit (one cow with calf at side) for 30 days. This is approximately 1,000 pounds of forage dry matter.

Rangeland leases in good standing



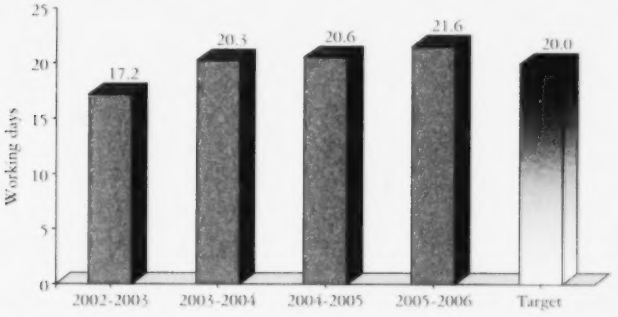
Active industrial dispositions* subject to long-term plans**



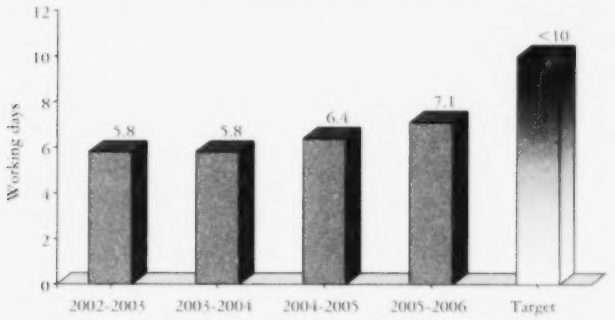
* Dispositions provide industry with approval to use Alberta's public land (e.g., for oil, gas or road development)

** Long-term plans are called area operating agreements

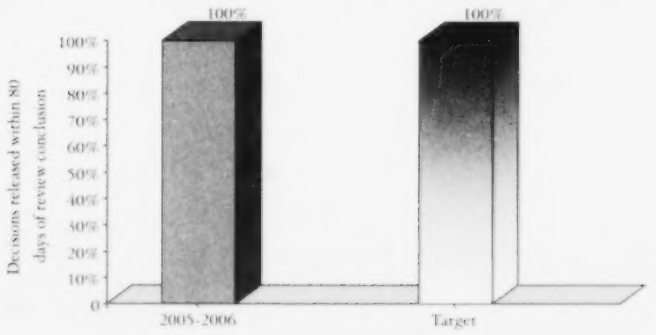
Timeliness for completing dispositions allowing industry to use public land



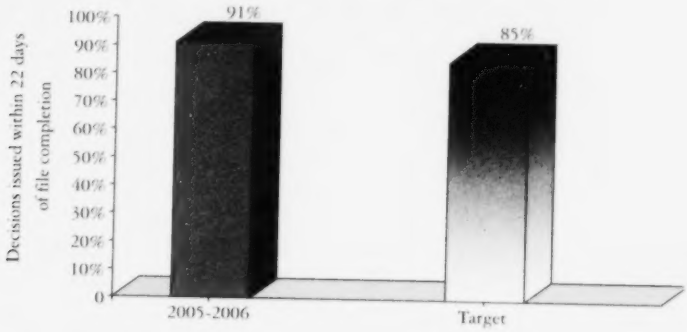
Timeliness for completing geophysical approvals for public land use



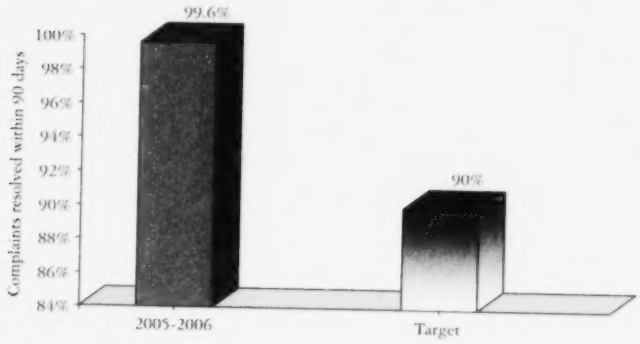
NRCB timeliness in issuing decisions on reviews under the NRCB Act



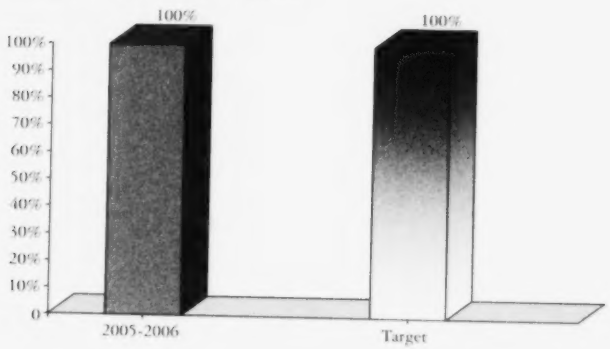
NRCB timeliness in issuing decisions on confined feeding operations

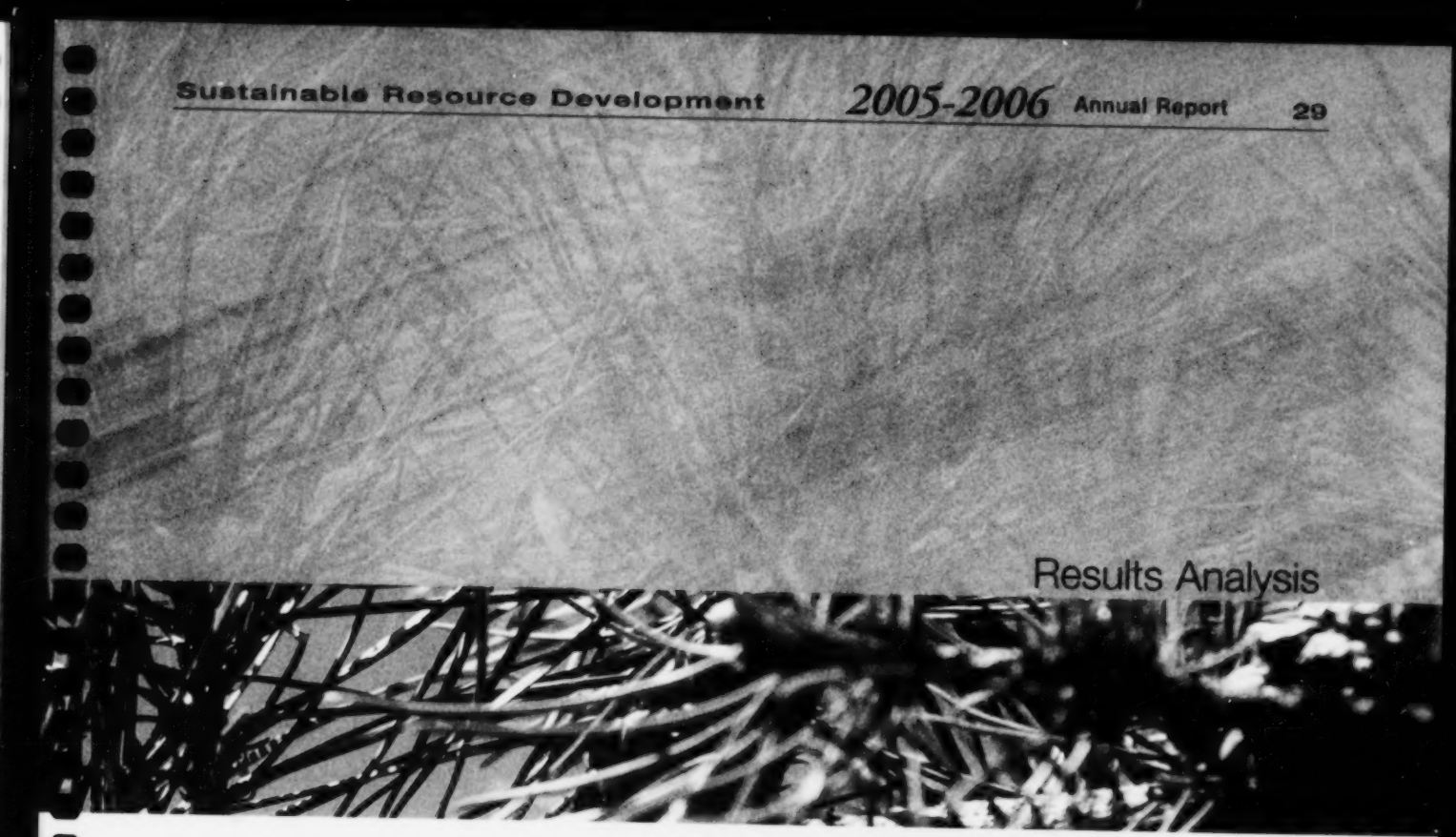


NRCB timeliness in resolving complaints about confined feeding operations



LCB appeals upheld by the courts





Results Analysis

Deputy Minister's Message

Sustainable Resource Development seeks a balance of social, economic and environmental values in managing Alberta's public lands, forests and fish and wildlife resources.

Unprecedented levels of activity on Alberta's landscape challenged effective resource management in 2005-06. The department witnessed an 18 per cent increase in applications from industry to use public lands, as well as greater activity by recreational and other non-industrial users of the land.

The department looks to stakeholder consultation—including partnerships with industry, academia and public policy interests—to balance the many and growing demands for resource development and conservation. This involvement was stepped up in 2005-06 through the work being done to initiate a Land Use Framework to guide public land management decisions in Alberta.

The department also relies on sound science to inform our decision-making. In 2005-06, for example, application of the best science available to us influenced important decisions involving caribou, grizzly bear, chronic wasting disease and fisheries management.

Consultations with scientists and partnerships with industry and other governments were also key to our ongoing efforts to meet the challenge of mountain pine beetle infestations threatening Alberta's forests.

Organizational changes also helped the department refine resource management. In partnership with other Alberta government ministries, Sustainable Resource Development led the Sustainable Resource and Environmental Management initiative, which is working to refine and integrate land-use decision-making across our ministries.

Excellent work by staff in education, outreach and enforcement ensured that these and similar efforts outlined in this annual report helped the department to meet the needs of Albertans in 2005-06. I congratulate all department employees for their contributions over the year.

In celebrating Alberta's centennial year in 2005-06, the department also marked 75 years of managing the province's natural resources on behalf of all Albertans by saluting the work of past and present employees and committing to continued efforts in future.

Brad Pickering
Deputy Minister
Sustainable Resource Development

Report of the Auditor General on the Results of Applying Specified Auditing Procedures to Performance Measures

AUDITOR GENERAL *Alberta*

To the Members of the Legislative Assembly

Management is responsible for the integrity and objectivity of the performance results included in the *Ministry of Sustainable Resource Development's 2005-2006 Annual Report*. My responsibility is to carry out the following specified auditing procedures on performance measures in the annual report. I verified:

Completeness

1. Performance measures and targets matched those included in Budget 2005. Actual results are presented for all performance measures (see exception below).

Reliability

2. Information in reports from external organizations, such as Statistics Canada, matched information that the Ministry used to calculate the actual results.
3. Information in reports that originated in the Ministry matched information that the Ministry used to calculate the actual results. In addition, I tested the processes the Ministry used to compile the results.

Comparability and Understandability

4. Actual results are presented clearly and consistently with the stated methodology and are presented on the same basis as targets and prior years' information.

I found an exception for the measure *Forest Sustainability (Reforestation Rate in Harvested Areas)*. There was no data reported for this measure; therefore, I was not able to complete procedures one to four above. Management explains in the Results Analysis under Goal 2 why data was not reported.

As my examination was limited to these procedures, I do not express an opinion on whether the set of measures is relevant and sufficient to assess the performance of the Ministry in achieving its goals.

Fred J. Dunn

FCA
Auditor General

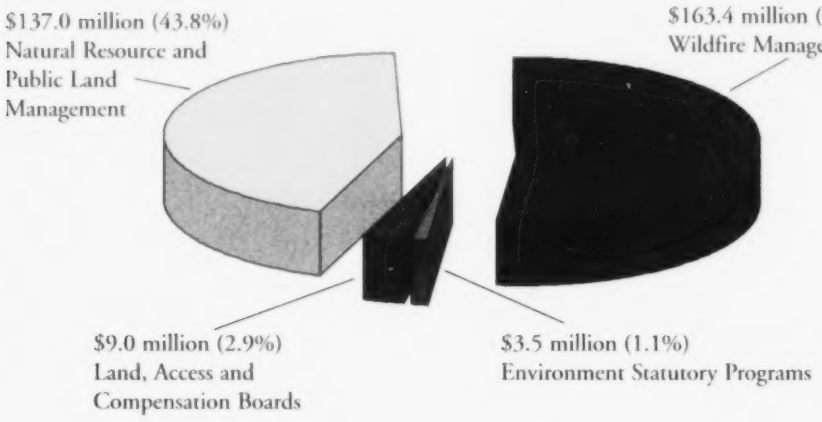
Edmonton, Alberta
August 2, 2006

Expense by Core Business

Year Ended March 31, 2006
(in millions)

		2004-2005 Actual	2005-2006 Budget	2005-2006 Actual
1	Wildfire Management	$ 198.4	$ 79.6	$ 163.4
2	Natural Resource and Public Land Management	110.9	136.7	137.0
3	Land, Access and Compensation Boards	8.5	8.9	9.0
	Environment Statutory Programs	4.1	4.9	3.5
Total		**$ 321.9**	**$ 230.1**	**$ 312.9**

The Ministry's expenses by core business are outlined above. While Core Business 2 made up the largest part of the department's overall 2005-06 budget (59.4 per cent), Core Business 1 actually ended up causing the largest part of the Ministry's actual expenses for 2005-06 (52.2 per cent).



Expense by Function

The Ministry's expenses by government function are outlined below. Although 62.8 per cent of the budget was allocated to the Agriculture, Resource Management and Economic Development function, the fire season caused 48.8 per cent of actual gross expenses to be incurred in the Protection of Persons and Property function.

Year Ended March 31, 2006
(in millions)

	2004-2005 Actual	2005-2006 Budget	2005-2006 Actual
Agriculture, Resource Management and Economic Development	$ 117.3	$ 144.4	$ 141.4
Protection of Persons and Property	187.8	68.3	152.6
Environment	16.8	17.4	18.9
Total	**$ 321.9**	**$ 230.1**	**$ 312.9**

Goals, Results and Measures by Core Business

Core Business One: Wildfire Management

Goal 1: Alberta's forests and forest communities are protected from wildfires.

Results:

Response to wildfires

- Responded to 1,320 wildfires during the 2005 fire season. These wildfires burned more than 60,500 hectares. Most of these wildfires were concentrated in northern Alberta, where dry conditions persisted in the early part of the season.
- Implemented a voluntary and precautionary evacuation of Fort Fitzgerald near the Northwest Territories border in June due to a nearby wildfire.
- Contained 98 per cent of wildfires within the first burning period (by 10 a.m. the day following detection). This was a five per cent improvement over 2004 results.
- Proceeded with three projects under the government-wide Capital Planning Initiative to help ensure the best possible protection from wildfires. The provincial warehouse and service centre was renovated, upgrades were commenced on the airtanker bases in Whitecourt and Manning, and development was scoped out for an airtanker base in Springbank near Calgary. As well, arrangements were made to retrofit three of the government-owned airtankers.
- Continued to work on design, construction and installation of the FireNet communications system, to be operational for the 2006 fire season. FireNet is a radio-based, satellite communications system.
- Enhanced the Prometheus Wildfire Growth Model by working with other fire growth simulation modelling experts. This model is an important decision-support tool to help minimize losses from wildfires.
- Continued to implement programs to help ensure the safety of wildfire management staff, including the Firefighter Safety Award Program.
- Continued to show a steady decline in the number of lost-time incidents involving Department employees. Since 2002, the number of lost-time incidents has dropped from 73 to 24, a 67 per cent reduction.
- Achieved 1,000 days without lost-time incidents in the Woodlands Wildfire Management Area.

Wildfire Prevention/FireSmart Initiatives

- Collaborated with municipalities and industry to work on FireSmart programs in 32 communities within the Forest Protection Area. The FireSmart Program provides Albertans with information to reduce the threat of wildfire and protect themselves, their property and provincial forests from wildfire.
- Implemented the FireSmart Community Grant Program with the communities of Hinton, Canmore, Lakeland County, Swan Hills, the Municipal District of Bighorn, Rainbow Lake and Clearwater County.
- Initiated the first FireSmart Community Series. This event involved municipal, First Nations and industry representatives in kicking off the 2005 wildfire season. This event provided participants with more information on the FireSmart Program and how it can be applied in communities and industry.
- Partnered with Crime Stoppers and Global Television for the first time on a series of public service announcements to increase Albertans' awareness of wildfire prevention.
- Received funding through Alberta Innovation and Science for the Wildfire Smoke Detection Technology Evaluation, Adaptation and Implementation Project. The objective of this project is to determine the potential for integrating new wildfire detection technology into Alberta's wildfire management program.

- Continued construction and maintenance of forest lookouts, implemented safety improvements to meet occupational health and safety standards and completed steel engineering certification for lookouts.
- Enhanced the wildfire investigation program through formal training, standards, protocols, international certification and cross-training.

Junior Forest Rangers and Wardens

- Hired 15 crews under Alberta's Junior Forest Ranger Program, which teaches students aged 16 to 18 about wildfire and forest management through summer employment. In 2005, the Department saw significant growth in interest in this program from aboriginal communities, resulting in seven of the program's 15 crews being aboriginal.
- Celebrated the 75th anniversary of Alberta's Junior Forest Warden Program with a national campout in Athabasca. The Department supports this program, in co-operation with the Alberta Junior Forest Warden Association, to encourage Alberta youth in developing skills and career interest in managing Alberta's natural resources.
- Planned an exchange program for junior forest wardens with their counterparts in Japan.

Partnerships/Agreements

- Provided personnel, aircraft and equipment for firefighting efforts in Saskatchewan, Quebec, Ontario and the State of Alaska, as part of the Mutual Aid Resource Sharing Agreement. This agreement allows for sharing wildfire suppression assistance and resources with other jurisdictions in Canada and the United States.
- Worked co-operatively with other agencies to develop the Canadian Wildland Fire Strategy, which was signed by the Minister as a member of Canadian Council of Forest Ministers.
- Reached an $18.6 million settlement agreement with Canadian National Railway for the 2001 Chisholm Fire. This agreement focused on wildfire prevention and financial assistance to residents who suffered uninsured and incidental property damage and loss due to the wildfire. The 10 year commitment also provides funding for wildfire prevention and education programs within the community of Chisholm as well as across Alberta.
- Updated all wildfire border zone agreements with neighbouring agencies along the Alberta border.
- Provided advanced firefighting training and experience to four individuals from Jalisco, Mexico through a co-operative agreement.
- Worked with the Government of Canada to develop a new agreement for wildfire suppression on Indian Reserves. This agreement, signed in 2005, more accurately reflects the province's suppression costs and facilitates the Department's strategy to reduce wildfires on Indian Reserves.

Performance Measures

Measure: **Prevention**
Number of human-caused fires
Number of industry-caused fires

Description

The objective is to keep the number of wildfires caused by humans and industry within the Forest Protection Area from increasing, despite population growth and escalating fire-start potential. Increasing population, industrial activity and access to Alberta's land all add to the risk of wildfires.

These measures reflect the effectiveness of Sustainable Resource Development's fire prevention legislation, public education, risk engineering and enforcement activities.

Target

Less than 650 wildfires caused by humans

Less than 100 wildfires caused by industry

Actual Results

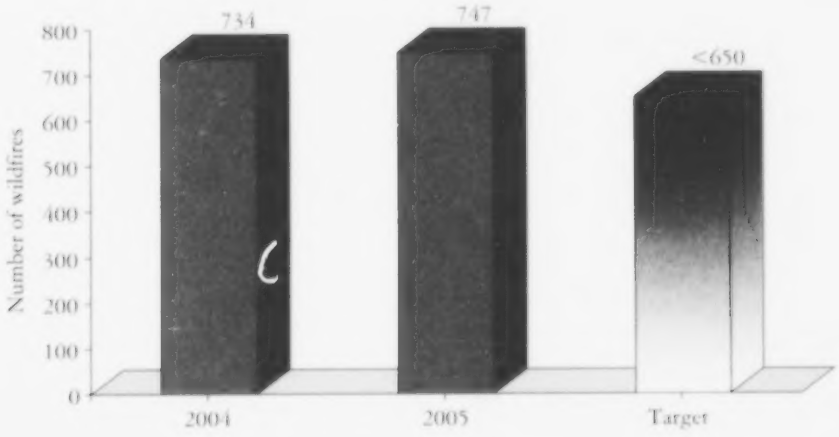
747 wildfires caused by humans

106 wildfires caused by industry

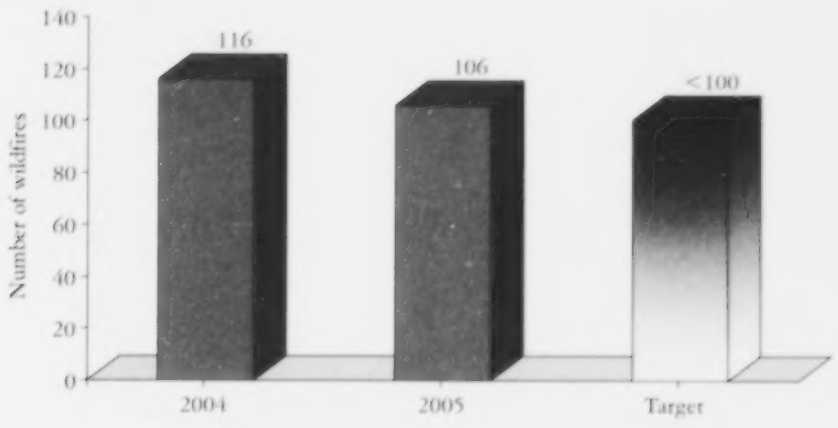
Analysis

Despite Sustainable Resource Development's efforts, the results of wildfires caused by humans and industry were above the targets in 2005. Humans caused 747 wildfires, slightly up from 734 in 2004, while the target was less than 650. Industry caused 106 wildfires, slightly down from 116 in 2004, while the target was less than 100. These results are attributed, in part, to weather conditions and the resulting wildfire hazard levels, as well as increased human activity in the Forest Protection Area.

Wildfires caused by humans



Wildfires caused by industry



Measure: **Detection**
Wildfires detected by 0.1 hectare in size
Detected wildfires reported within 5 minutes

Target

85 per cent of wildfires detected by 0.1 hectare in size by lookout or air

90 per cent of detected wildfires reported within 5 minutes by lookout or air

Actual Results

84 per cent of wildfires detected by lookout and 86 per cent of wildfires detected by air at 0.1 hectare in size

97 per cent of detected wildfires reported by lookout and 99 per cent of detected wildfires reported by air within 5 minutes

Description

Early discovery and prompt reporting of wildfires is essential to suppression efforts, as it allows for rapid deployment of initial attack resources.

Sustainable Resource Development utilizes several systems to achieve its wildfire detection objectives. The cornerstone is a network of fire lookouts strategically located throughout Alberta's Forest Protection Area. During periods of high fire danger and occurrence, the lookouts are augmented by both airplane and helicopter patrols. The province-wide 310-FIRE telephone network is also maintained to assist the public, who are important partners in wildfire detection.

A sophisticated lightning detection system covering all of Alberta and parts of surrounding provinces and states provides advance intelligence on development of thunderstorms.

The two wildfire detection performance measures track the discovery size and reporting times for the systems over which the Department has direct control—for example, fire lookouts and aircraft patrols. These measures assess the success of Sustainable Resource Development's fixed and mobile detection system.

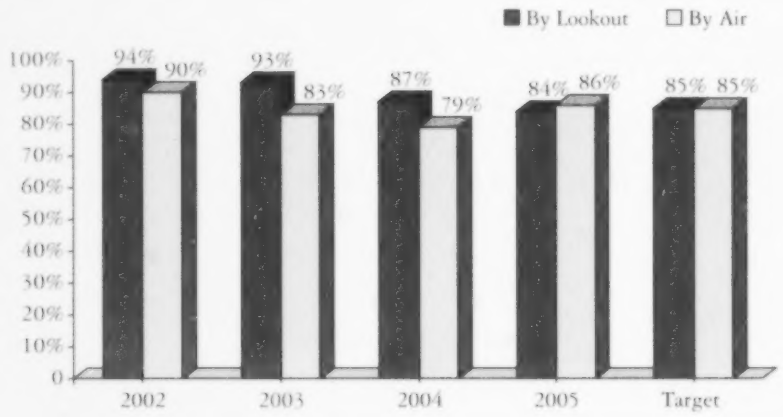
Analysis

The results of wildfires detected by 0.1 hectare by air increased to 86 per cent in 2005, compared to 79 per cent in 2004, exceeding the target of 85 per cent.

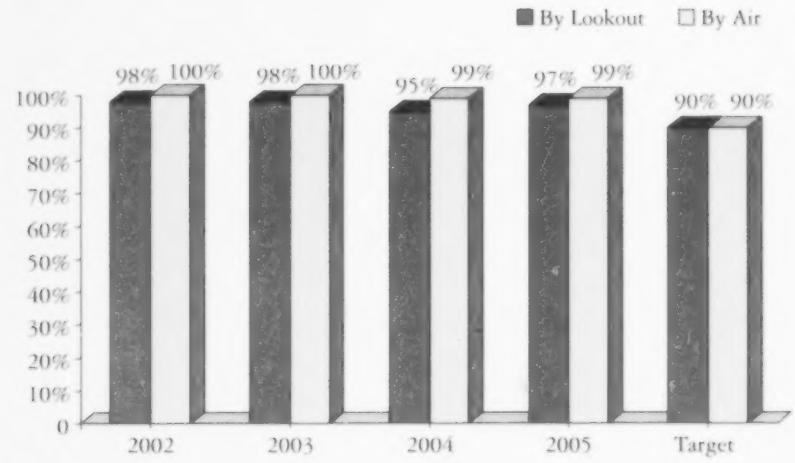
The results of wildfires detected by 0.1 hectare by look-out decreased to 84 per cent in 2005, compared to 87 per cent in 2004, slightly below the target of 85 per cent. This result is also lower than results achieved in 2002 and 2003, due to a combination of factors that affect visibility, such as environmental conditions and wildfire location. In 2005, the weather was wetter than in the previous three years, which reduced wildfire hazard levels and affected wildfire behaviour. Under wet conditions, wildfires can smoulder with little smoke and spread on the ground to more than 0.1 hectare before they can be detected by lookouts.

The 2005 results for detected wildfires reported within five minutes (97 per cent by lookout and 99 per cent by air) were well above the 90 per cent target. More wildfires were reported within five minutes by lookout towers than in 2004 (95 per cent), while the same amount were detected by air in 2005 as in 2004 (99 per cent).

Wildfires detected before reaching .1 hectare



Wildfires reported within 5 minutes of detection



Measure: **Response**
Wildfires actioned before they reach 2.0 hectares in size

Target

90 per cent of wildfires actioned by 2.0 hectares in size

Actual Results

92 per cent of wildfires actioned by 2.0 hectares in size

Description

Timely and effective response to reported wildfires is an important service the Department provides.

Alberta utilizes a computer-decision model, the Spatial Fire Management System, which collectively takes into account forest fuels, topography and fire weather to provide initial fire attack and support resource deployment strategies to fight wildfires.

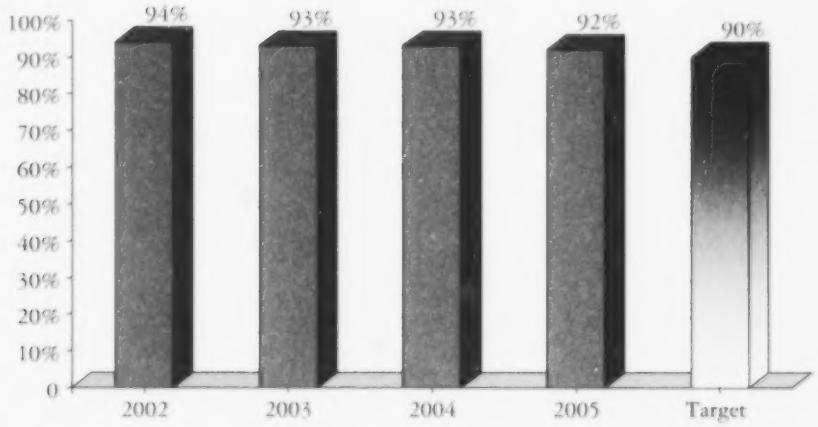
The primary initial attack strategies deploy helicopter-borne firefighting units and airtankers dropping fire retardant. Fire size at initial attack and containment, together with response time and the location of the resources deployed are measured.

This performance measure reports how successfully Sustainable Resource Development achieves its objective of timely and effective initial attack on reported wildfires within the Forest Protection Area. Data are gathered during the legislated fire season from April 1 to October 31.

Analysis

The Department was successful in actioning 92 per cent of wildfires by the time they reached 2.0 hectares in size, exceeding the target of 90 per cent. This result is lower than 93 per cent in 2004, but the decrease is not significant.

Wildfires actioned by 2 hectares in size



Measure: **Containment and suppression**
Wildfires contained within first burning period
Wildfires contained by 4 hectares in size

Target

90 per cent of wildfires contained by 4.0 hectares in size

85 per cent of wildfires contained within the first burning period

Actual Results

94 per cent of wildfires contained by 4.0 hectares in size

98 per cent of wildfires contained within the first burning period

Description

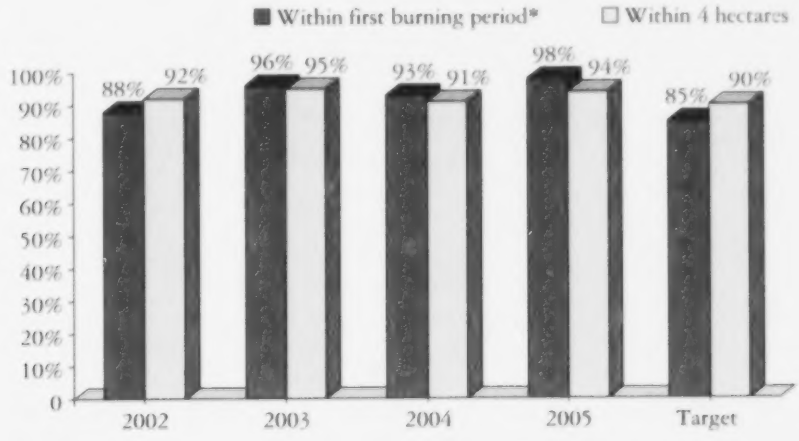
Quickly controlling wildfires that escape initial attack is crucial, not only to minimize fire loss, but also to reduce suppression costs. Escaped wildfires in areas where Albertans' values are at risk—including communities, natural assets and developments like oil and gas infrastructure—are rapidly supplied with additional human resources via ground and aerial transport, heavy equipment and airtanker support in an effort to contain these fires by 4.0 hectares in size in the first burning period (by 10 a.m. the day following detection).

This performance measure reports how successfully Sustainable Resource Development contains wildfires in the critical initial stages before they reach 4.0 hectares in size or within the first burning period.

Analysis

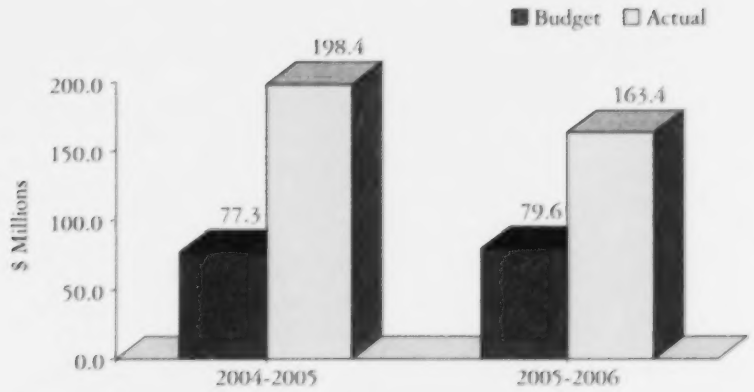
The Department's 2005 results of containing 94 per cent of wildfires by 4 hectares in size and 98 per cent within the first burning period (by 10 a.m. the morning following detection) exceeded 2004 results and current targets (90 per cent contained at 4.0 hectares and 85 per cent contained within first burning period). These results demonstrate continuous Department improvement in fighting wildfires in their initial stages, leading to greater success in limiting damage and loss.

Wildfires contained at 4 hectares or within first burning period



* First burning period means contained by 10 a.m. the day following when first reported

Wildfire management budget and expenditure



Financial Information for Goal 1 Supporting Core Business 1

The expenditures for wildfire management were $163.4 million in 2005-06, a large portion of which is attributable to high forest fire activity in the northern third of the province. 2005-06 expenditures were 18 per cent lower than those in 2004-05 because of less forest fire activity in 2005-06.

Core Business Two: Natural Resource and Public Land Management

Goal 2: The values Albertans receive from forests and forest landscapes are sustained and enhanced for future generations.

Results:

Managing Alberta's Forests

- Managed mountain pine beetle infestations aggressively, primarily in the Willmore Wilderness Park and Kakwa Wildland Provincial Park. Approximately 14,000 infested lodgepole pine were cut and burned.
- Developed an updated Forest Management Planning Standard to replace the Interim Forest Management Planning Manual. This ensures forests are managed sustainably, and that the forest industry remains current and competitive with other jurisdictions world-wide.
- Developed a new access management plan for the Ghost-Waiparous area near Cochrane to ensure its natural resources and recreational uses are sustained for present and future Albertans. Implementation is planned in 2006-07.
- Drafted a forest genetics conservation plan for Alberta. New seed zone maps specifying where tree seed can be deployed were published and implemented in reforestation operations by the forest industry. Seed zone maps ensure that similar trees are planted to replace ones that have been harvested, thereby maintaining the genetic integrity of Alberta's forests.
- Participated in provincial climate change activities and helped complete the cross-Canada analysis of whether or not forest management activities should be reported as part of national efforts to control greenhouse gas emissions.
- Completed three forest management agreement renewals.

- Approved detailed forest management plans for four industrial stakeholders. These plans set out forest management objectives and commitments for harvesting and reforestation of timber in defined areas of the province.
- Hired 38 new guardians to educate and disseminate information to people using public land for recreation. Guardians deliver the Department's Respect the Land Program to educate both motorized and non-motorized users of public land about responsible land-use practices.
- Worked with Ducks Unlimited Canada as part of an initiative to protect and sustain Alberta's wetlands and boreal forests.

Information Management and Reporting Systems

- Compiled a Ministry-wide inventory of geographic information to allow provincial ministries to share information on environmental and resource management activities.
- Developed a monitoring, accounting and reporting system for forest sinks (e.g., forest stands that absorb carbon) to evaluate changes to atmospheric carbon over time.
- Completed mapping required for the Natural Subregion as well as reporting for the National Forestry Database Program.

Increasing Capacity of Forest Industry

- Initiated a project with the Alberta Forest Products Association to address forest sector competitiveness.
- Promoted Alberta wood products and developed a wood construction procurement policy for the Government of Alberta.
- Fostered an alliance with Forintek to develop value-added forest products and help the forest industry maintain and improve its competitive position. This partnership focuses on increasing productivity in mills by improving product attributes and quality, supporting product and market diversification, and fostering entrepreneurial investment.

Trade Relations

- Worked with International and Intergovernmental Relations and the federal government on successful legal challenges to the North American Free Trade Agreement to reduce the countervail duty on Alberta timber.

Fair Economic Return from Alberta's Forests

- Improved the efficiency of determining and collecting timber dues payable to the Province by collecting dues when harvest volume is determined instead of when the wood is sold.
- Updated the sawlog stumpage system (dues the forest industry pays to harvest timber from Crown land) to ensure Albertans receive a fair economic return for use of fibre produced on forested public lands.
- Participated in the Woodlot Extension Program, which helps small business operators harvest local timber and sell it to people in their communities.
- Updated coniferous and deciduous timber quota certificates to reflect the new timber supply agreements for seven forest management agreements. All timber licenses in the Timber Production and Revenue System were updated for renewal to determine appropriate annual charges for protecting against wildfire.

Measure: **Timber Allocation (Gap between Harvest and Annual Allowable Cut)**

Target

The target is to keep Alberta's timber harvest at or below the annual allowable cut.

Actual Result

Annual allowable cut - 24.2 million cubic metres

Harvest - 20.0 million cubic metres

Description

This measure reflects the Department's ability to manage Alberta's timber resources in a sustainable manner. It indicates the status of Alberta's timber stocks by comparing the actual annual timber harvest with the annual amount of timber allowed to be cut in the forested portion of the province.

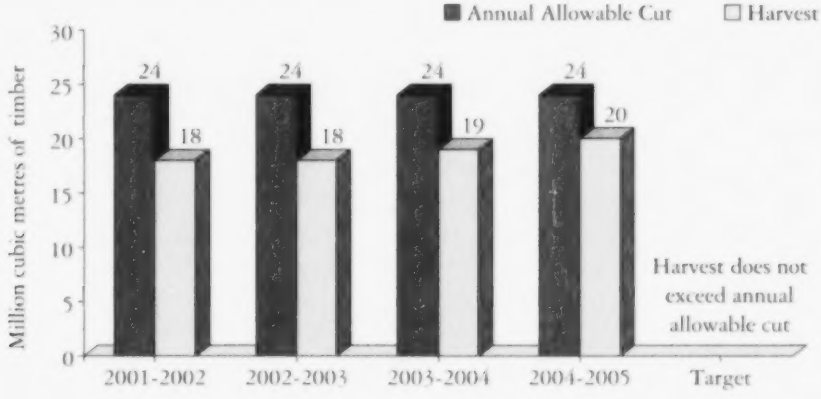
The annual allowable cut (AAC) is the amount of timber that can be harvested on a sustainable basis (in accordance with the policy of sustained yield) within a defined planning area.

AACs are developed by forest management agreement holders as part of the detailed forest management plans they submit to the Department. The recommended harvest level is set following technical review and approval by Sustainable Resource Development. AACs outside forest management agreement areas are developed by the Department.

Analysis

While the timber harvest in Alberta has gradually increased to 20 million cubic metres, it is still below the annual amount Alberta's forests can sustain. Fluctuations in total harvest volume from year to year reflect trends in lumber and pulp markets.

Comparison of annual timber cut allowed with actual amount harvested



Note: There is a one-year delay in reporting these data. A five-year rolling average is used for annual allowable cut and harvest data because this better reflects how harvest volumes are regulated.

Measure: **Forest Sustainability (Average age of approved forest management plans)**

Description

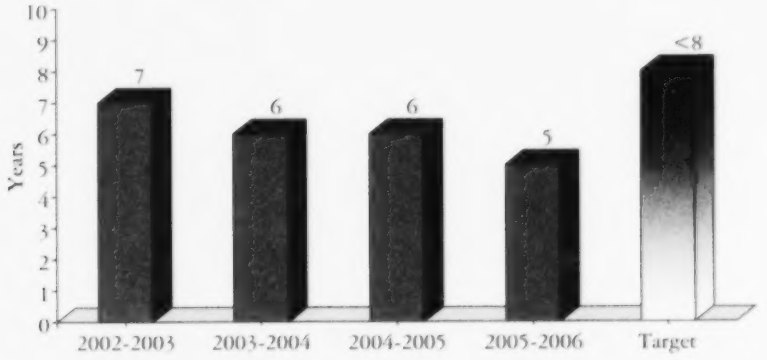
This measure reflects the Department's efforts in ensuring that forest management plans are kept up-to-date. Alberta's forested landbase is continually changing through both natural processes and industrial activities. Forest management plans are developed using the latest data and research, while balancing current economic, environmental and social considerations. Regularly revising forest management plans ensures Alberta's forests in the Forest Protection Area are being managed sustainably.

Target
Average age of approved forest management plans is less than or equal to 8 years
Actual Results
Approved forest management plans were an average of 5 years old

Analysis

Department staff have succeeded in keeping the average age of approved forest management plans to 5 years, below the target of less than or equal to 8 years. This demonstrates Sustainable Resource Development's commitment to keeping plans up-to-date.

Average age of approved forest management plans



Measure: **Forest Sustainability (Reforestation rate in harvested areas)**

Description

This measure reflects Department staff efforts to ensure reforestation continues to sustain Alberta's public forests and forestlands. Alberta's forested landbase is continually changing through both natural processes and industrial activities. Reforestation or forest renewal ensures forest sustainability. Monitoring and reporting adherence to regeneration targets or standards provides an indication of the continued economic, social and environmental values that Albertans can expect from their forests.

Target
80 per cent reforestation rate in harvested areas
Actual Results
Results not available

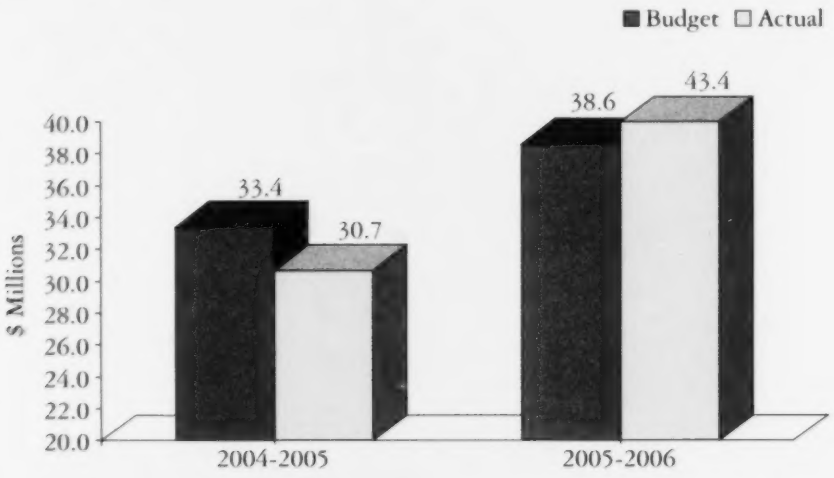
Analysis

Sustainable Resource Development introduced this measure in its 2005-08 business plan based on a limited sample size. In gathering results to support this measure, the Department concluded that it needs to do more to assure the integrity of the data, and base evaluation on a more extensive sample size before results can be appropriately reported. Therefore, no results are being reported for this reforestation measure for 2005-06, as further work to improve data to support this measure is currently underway.

In 2006-07, Sustainable Resource Development will continue to work on improving the integrity of the data collected and the controls that manage what data are submitted to the Alberta Regeneration Information System (ARIS). ARIS data are used to provide information for this measure.

The Department will also initiate a review of this reforestation performance measure after two data-reporting cycles are completed to assess the data's suitability for providing meaningful performance measure results.

Forest management budget and expenditure



Financial Information for Goal 2 Supporting Core Business 2

2005-06 expenditures for forest management exceeded the anticipated budget of $38.6 million by $4.8 million, mainly because of increased costs to prevent mountain pine beetle from taking hold in Alberta's forests. However, this over-expenditure is significantly less than the actual cost of suppressing the beetle, because it was offset by savings in amortization and nominal sum disposals (e.g., transfers of public land to municipalities below market value). 2005-06 expenditures for this goal were 41 per cent higher than in 2004-05.

Goal 3: The values Albertans receive from wild species are sustained and enhanced for future generations.

Results:

Fish and Wildlife Management

- Suspended the spring grizzly bear hunt while DNA census data are collected. A precautionary approach to the spring hunt is being taken while better grizzly bear population estimates are being determined.
- Helped Alberta Environment respond to the Wabamun Lake oil spill in August 2005 by recovering and rehabilitating affected wildlife and providing advice and co-ordination to clean up and restore shorelands and habitats important to fish and wildlife.

- Endorsed the goals and objectives of the Alberta Woodland Caribou Recovery Plan, and undertook the following actions:
  - Established a single Alberta Caribou Committee involving government, industry, and stakeholders.
  - Created a caribou landscape planning team for west-central Alberta.
  - Implemented a limited predator management program.
  - Promoted best management practices for companies operating on caribou ranges.
  - Expanded the Caribou Cowboy Program in west-central Alberta to reduce vehicle collisions with caribou traveling on Highway 40; program elements include a physical presence to deter animals from the road, public outreach and education, and promoting industry partnerships.
- Developed and implemented new zoo standards, setting out basic requirements to be met by all zoos in Alberta. The standards address all areas related to animal welfare and human safety and were developed in consultation with professional associations, other government agencies and Alberta zoos.
- Completed 145 fish population assessments.
- Continued to assess species status and develop and implement plans for species at risk. This included completing recovery plans for the grizzly bear, short jaw cisco, western spiderwort, leopard frog and sage grouse.
- Sponsored the Foothills Model Forest application for funding from Alberta Innovation and Science. Funding was approved over three years in support of a project to map grizzly bear habitat. When more information is available about where the bears live and feed, these areas can be preserved increasing the likelihood of grizzly bear survival.
- De-listed the western blue flag, the only species of iris in Alberta, from Threatened to Species of Special Concern, because of a higher-than-anticipated population of the iris being verified.
- Provided information and advice to land managers and regulators on incorporating fish and wildlife resource considerations into planning, land-use and resource management activities.
- Initiated a review of the Alberta Conservation Association to obtain a clear understanding of its role in the management of fish and wildlife resources.

Public Education and Compliance with Fish and Wildlife Legislation

- Hired 10 new Fish and Wildlife Officers to enhance service to the public and support fish and wildlife resource management.
- Provided two seasonal officers to patrol the Blackstone and Ram River drainages to educate users, and to prevent and detect fisheries and wildlife infractions. Funding for this Streamwatch Partnership was provided by Trout Unlimited, the energy industry, Lethbridge Community College and private individuals.
- Completed partnership projects with organizations such as Cows and Fish, a multi-partner stewardship program. This program strives to foster a better understanding of how grazing management improvements beside streams can enhance landscape health and productivity.
- Checked almost 71,000 people for compliance with fisheries and wildlife legislation. Staff responded to over 3,300 complaints of illegal activities related to this legislation.
- Sold over 461,000 hunting licences and 205,000 fishing licences, worth over $12 million. This activity contributed to generating social and economic benefits valued at more than $1 billion.
- Surveyed 5,000 resident and 800 non-resident licensed anglers on their angling activities in 2005. Angler numbers have remained relatively constant over the past five years and angler days are expected to be similar to the 3.75 million days generated in 2000.

- Concluded court proceedings regarding 57 persons charged as a result of two long-term undercover investigations. These investigations focused on the illegal harvest and sale of fish and big-game species, generated fines exceeding $340,000, and resulted in 109 months of jail time.
- Continued legal actions stemming from five other undercover operations in various courts. The investigations relate to the illegal commercialization of birds of prey, walleye and bear parts.

Human-Wildlife Conflicts

- Responded to almost 29,000 Albertans who contacted Department staff for advice or assistance about problems or concerns with wildlife. There were six attacks on humans by wildlife in 2005-06, including two incidents concerning grizzly bear, three involving black bear and one with a cougar.
- Partnered with stakeholders to launch a Community BearSmart Program in the Canmore corridor area. Partners included the Town of Canmore and non-governmental organizations.

Recreational Fishing

- Initiated implementation of the multi-year Lac La Biche Fisheries Restoration Program to enhance community recreation and economic opportunities from a restored walleye-pike-perch fishery. Actions taken to further Albertans' enjoyment of their fisheries included reactivating the Walleye Stocking Program.
- Developed a new licensing proposal to open fish harvest opportunities on recovering walleye fisheries.
- Enhanced angling opportunities in Alberta by successfully stocking 3.35 million rainbow trout and 360,000 other trout species into 259 stocked waters that are accessible to the public.
- Completed consultation into the licensing of competitive fishing events.
- Minimized the impact of stocked brook trout on native bull trout populations by introducing a program to provide sterile fish for stocking into Alberta waters.
- Initiated a review of the fish culture program that provides freshwater fish for stocking Alberta lakes.
- Established the Alberta Fisheries Management Round Table to include stakeholders in discussions on current fisheries management issues.

Sustainable Commercial Fishery

- Monitored Alberta's commercial fishery that generated a value of close to $3 million from over 2.8 kilograms of primarily lake whitefish. Over 65 per cent of the harvest is exported to the international marketplace.
- Completed the next phase of the Commercial Fisheries Compensation Program, resulting in a reduction of 25 eligible commercial fishery licenses to help rationalize the industry, promote fish conservation and improve benefits for recreational fishermen.

Wildlife Diseases

- Took aggressive action to control chronic wasting disease through a quota hunt, a targeted deer cull and extensive public communications.
- Continued to work with other government agencies to monitor West Nile virus and protect human and animal health. Over 200 dead birds were tested, with seven testing positive for the virus.
- Worked with other jurisdictions, as a member of the Canadian Council of Wildlife Ministers, to develop and implement the National Chronic Wildlife Disease Control Strategy.

Water for Life Strategy

- Implemented elements of the Water for Life Strategy relating to its healthy aquatic ecosystem objective. These included:
  - Developing a scope of work assessment for the Lesser Slave Lake instream flow needs study.
  - Supporting recovery planning for aquatic species at risk.
  - Updating the general status assessment for aquatic species.
  - Completing instream flow needs assessments in the lower Athabasca River, and for the South Saskatchewan River Basin Water Management Plan.

Biodiversity

- Continued to support development of an Alberta Biodiversity Strategy to maintain a great diversity of living things in Alberta. Three biodiversity information sheets were created to support stakeholder and public discussion.
- Developed a prototype risk assessment tool to assess the envrionmental, social and economic impact of invasive plant and aquatic species in Alberta.
- Supported the Alberta Biodiversity Monitoring Program through a third year of pilot-testing in forested areas of north-central Alberta. This pilot program provides independent information on the status of biodiversity in the province.

Measure: **Healthy Sustainable Wildlife Populations (Species populations are sustained)**

Target

Greater than 95 per cent considered healthy and sustainable

Actual Result

97.8 per cent considered healthy and sustainable

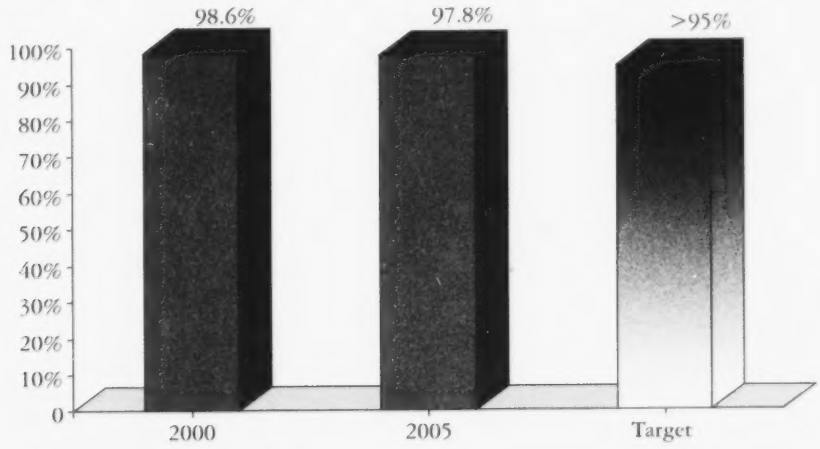
Description

Assessment of the general status of Alberta wild species is conducted to honour commitments under the *Accord for the Protection of Species at Risk*, an agreement by provincial, territorial and federal ministers responsible for wildlife. The accord commits the parties to "monitor, assess and report regularly on the status of all wild species," with the objective of identifying those species that may be in trouble, those for which more information is needed or those for which a formal status assessment or additional management attention is necessary.

Analysis

The percentage of endangered and threatened species grew from 1.4 to 2.2 per cent since the last results were reported in 2000. The 2005 result of 2.2 per cent considered at risk means that 97.8 per cent of species are considered healthy and sustainable. This exceeds the target of 95 per cent. The next results report is expected in 2010.

Species that are healthy and sustainable



Measure: **Benefits from Wild Species (Albertans who reported watching and enjoying wildlife)**

Target

1.1 million Albertans derive non-consumptive benefits from wildlife

Actual Result

1.2 million Albertans derived non-consumptive benefits from wildlife

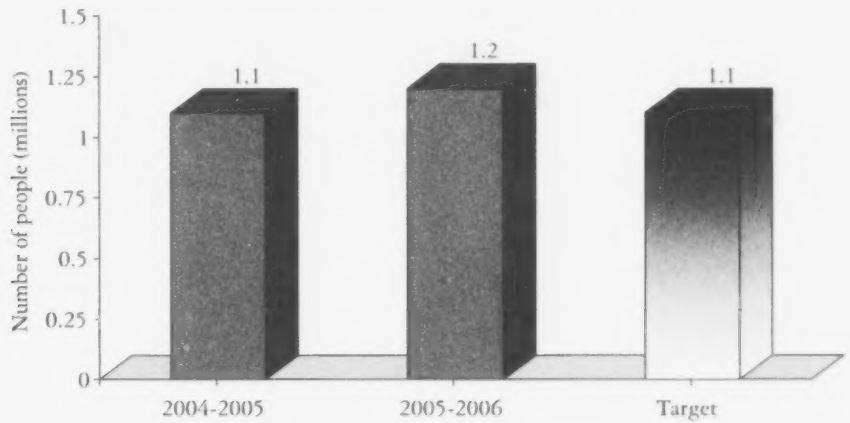
Description

This measure quantifies the appreciation Albertans have for and the benefits they derive from non-consumptive use of wildlife. Volumes are estimated using a general public opinion poll that asks respondents if they have taken any trips over the past 12 months where the primary or secondary purpose was viewing, photographing or feeding wildlife.

Analysis

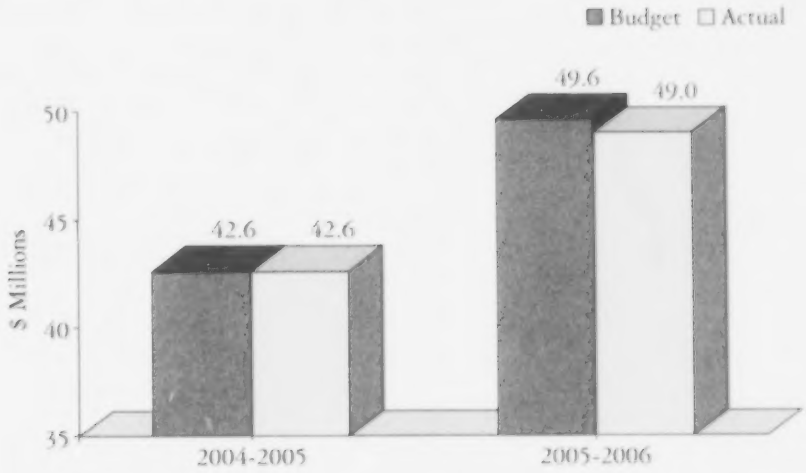
In 2005-06, 1.2 million Albertans enjoyed wildlife in a non-consumptive manner, which is up from the 1.1 million last year and slightly above the target of 1.1 million. This might be explained by Alberta's growing population and strong economy permitting more recreational opportunities for Albertans.

Albertans who derived non-consumptive* benefits from provincial wildlife



* Non-consumptive benefits include watching, feeding, photographing and studying wildlife. They do not include hunting or fishing.

Fish and wildlife budget and expenditure



Financial Information for Goal 3 Supporting Core Business 2

The Department spent $49.0 million in 2005-06 for fish and wildlife, which is slightly lower than the $49.6 million allocated. 2005-06 expenditures were 15 per cent higher than those in 2004-05 because of recruitment of additional fish and wildlife officers, wildlife study costs and an increase in funding for the Commercial Fisheries Compensation Program.

Goal 4: The values Albertans receive from rangelands are sustained and enhanced for future generations.

Results:

Grazing Access for Alberta's Livestock Industry

- Issued over 1.7 million animal unit months of grazing for livestock on public rangelands. This included providing over one million animal unit months on grazing leases. In addition, 85,000 animal unit months of grazing were provided in the Rocky Mountains Forest Reserve and over 215,000 animal unit months of grazing were issued through annual head tax permits to 32 grazing reserves. (An animal unit month is the amount of forage required to feed one cow for 30 days with calf at side.)
- Implemented regulations to allow for bison grazing. This provides the bison industry with new opportunities for grazing on agricultural public land.
- Implemented amendments to the Forest Reserves Regulation to allow the livestock industry continued access to secure public rangeland for grazing in the Rocky Mountains Forest Reserve.
- Implemented amendments to the Farm Holding Consolidation Program north of Highway 16 to give leaseholders the opportunity to match the highest bid for sale of up to one section of land they lease.
- Worked with beef and timber industry representatives to draft a policy and implementation manual for integrating livestock grazing and timber management. This will help grazing and timber operators better integrate their operations on a common land base.

Rangeland Management

- Collected range health information on 704 grazing lease renewals to ensure the province's rangelands continue to benefit Albertans.
- Amended or placed more than 280 land-use reserves in 2005-06. These indicate the conditions under which public land can be used, while protecting special habitat or landscapes. Over 18,700 reservations and protective notations restricting land use are on file with the Department, including almost 12,000 placed by Sustainable Resource Development to reflect land capability and resource management considerations.
- Compiled 2005 satellite imagery for reconnaissance, inventory and land-use mapping. This imagery provides an up-to-date picture of public land resources to assist with the monitoring of multiple, integrated land use practices and activities.
- Worked with the Alberta Research Council to complete a literature review and data analysis regarding range health relationship and carbon storage.
- Issued approximately 3,000 letters of authority on about 10,000 acres of agricultural public land to help agricultural clients and industry work productively together on the same landbase.

Public Information and Outreach

- Established a partnership with livestock producers, the forage association, forest companies and the Forest Resource Improvement Association of Alberta to use radio collars to monitor livestock grazing behaviour under different grazing prescriptions in aspen regeneration. The information gained will assist grazing and timber operators to better integrate their business on a common land base.
- Added and updated over 2,000 recreational condition records on the recreational access website. This website provides the public with agricultural lease contact information and standard conditions for recreational access.

Measure: Public Rangeland Allocation (Animal unit months allocated)

Description

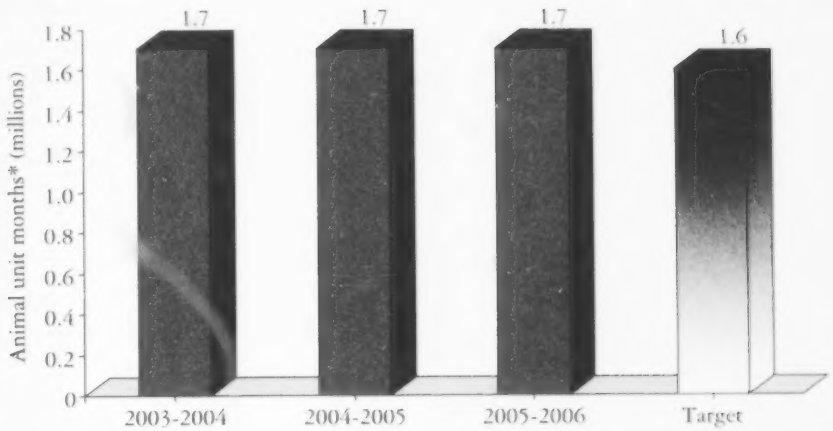
There are over 6,000 grazing dispositions issued in the province. The majority of these dispositions are issued for 10 years. Rangeland agrologists establish rangeland carrying capacity or the amount of livestock grazing rangeland can sustain and remain healthy. This carrying capacity is expressed in animal unit months (AUMs) and is based on a number of range management factors including vegetation, range health, climatic zone and soil type. An AUM is the amount of forage required to feed one animal unit (one cow with calf at side) for 30 days. This amount is approximately 1,000 pounds of forage dry matter.

Target
1.6 million animal unit months allocated
Actual Results
1.7 million animal unit months allocated

Analysis

The Department was able to allocate 1.7 million animal unit months, exceeding its target of allocating 1.6 million AUMs. Additional grazing area was provided for ranchers by integrating other land uses such as recreation and forestry on the same landbase, furthering the goal of sustaining rangeland in Alberta.

Animal unit months allocated under grazing dispositions



*An AUM is the amount of forage required to feed one animal unit (one cow with calf at side) for 30 days. This amount is approximately 1,000 pounds of forage dry matter.

Measure: **Rangeland Sustainability (Rangeland leases in good standing)**

Target

90 per cent of rangeland leases in good standing

Actual Results

92 per cent of rangeland leases in good standing

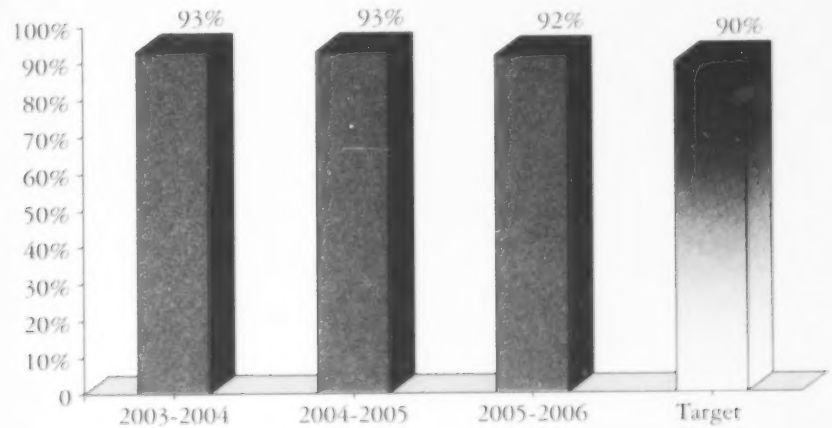
Description

Department agrologists assess the health and management practices used on a sample of rangeland each year to determine its standing. This measure provides an indication of how successful the Department has been at fostering good stewardship practices among leaseholders through a variety of ways including regulatory means where necessary. It also provides an overall indication of whether Alberta's rangelands are being managed in a sustainable manner.

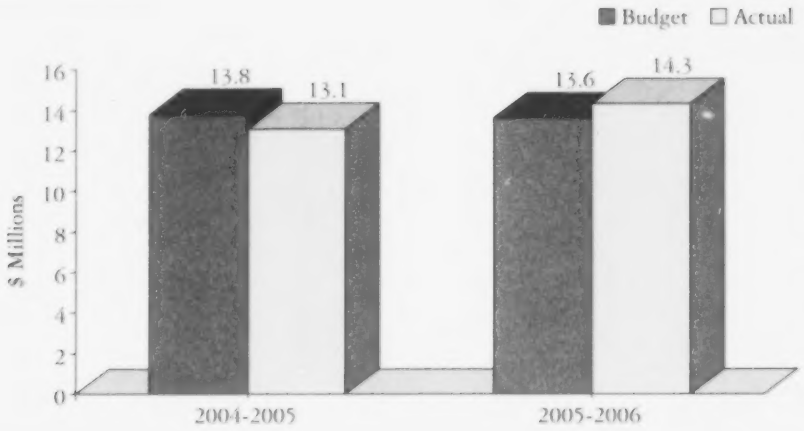
Analysis

The percentage of rangeland considered to be in good standing dropped slightly to 92 per cent in 2005-06 from 93 per cent in 2004-05. However, it remained above the target of 90 per cent, demonstrating that an acceptable percentage of Alberta's rangeland leases are in good standing. By fostering good stewardship practices among rangeland leaseholders, the Department has been successful at helping to sustain Alberta's rangeland resource.

Rangeland leases in good standing



Rangeland management budget and expenditures



Financial Information for Goal 4 Supporting Core Business 2

Rangeland management expenditures exceeded the $13.6 million budget by $0.7 million in 2005-06 because of increased amortization and the distribution of corporate services costs over program area budgets. 2005-06 expenditures were $14.3 million, up 9 per cent from 2004-05 levels.

Goal 5: The values Albertans receive from public lands are sustained and enhanced for future generations

Results:

Land Management

- Approved 17,607 industrial dispositions to use public land, an increase of about 16 per cent from the 15,236 approved in 2004-05. This reflects the increased activity in Alberta's industrial sector during 2005-06.
- Endorsed the commitment document for Sustainable Resource and Environmental Management (SREM) with the departments of Energy and Environment. This document symbolizes the commitment of all three departments to strengthen the ways they work together in order to become the best resource and environmental managers in the world. A number of Sustainable Resource Development's key activities fall under SREM's mandate such as: the Land Use Framework, integrated land management, biodiversity monitoring, coalbed methane, support for the Water for Life Strategy, upstream oil and gas, and oilsands consultation.
- Initiated the Integrated Land Management Program to manage and reduce the industrial and recreational "footprint" on Alberta's land, reclaim land, and provide an appropriate level of land access for Albertans.
- Worked with the Regional Municipality of Wood Buffalo to create area structure plans to make land available for development and guide land use in this rapidly growing region.
- Developed a proactive approach to managing road network design and creation, and minimizing the impacts of access on public land immediately adjacent to road corridors in the Fort McKay-Moose Lake region. The access management plan will also allow the major land users of the area, industry and the aboriginal community, to be involved in a joint planning process with government to resolve present and future access issues for the rapidly developing area.

- Supported the Peace Area Access Management Strategy, as well as various integrated land management planning initiatives, such as the Moose Lake Access Management Program, designed to co-ordinate transportation for several watersheds in the Waterways Area of the province, and a management system for access control of the main transportation routes within those same drainage basins.
- Initiated incentives to encourage the forest industry to adopt area operating agreements in their business processes. These agreements reduce the administrative work required for companies that operate at several locations within an area. They also help companies manage land more effectively and encourage better land-use planning.
- Implemented the Digital Integrated Dispositions (DIDs) Mapping Project. Efforts included collecting mapping fees and digital plans for oil and gas dispositions, developing standards and procedures for digital submissions in consultation with stakeholders, and mapping all dispositions on public land.
- Reviewed sand and gravel allocations on public land in consultation with the Alberta Sand and Gravel Association and other key stakeholders. The purpose of the review was to ensure sand and gravel on public land are allocated for commercial use in a fair, comprehensive and timely manner that optimizes the benefit for all Albertans.
- Completed five samplings through the National Forest Inventory Ground Sample Pilot Project. The National Forest Inventory establishes a framework for demonstrating Alberta's ability to manage forests in a sustainable manner.

Information Management

- Designed and built the Plan Confirmation Service to allow surveyors and other clients to have land-use disposition plans automatically checked and confirmed. This automatic screening process provides timely responses to applicants on the completeness of their applications.
- Designed and built the Electronic Dispositions System, which automates receipt of oil and gas applications and amendments.
- Received funding through Alberta Innovation and Science for the MapNow Project that will improve technology used to forecast changes on the landscape over time and space. This information is useful to predict the effect of potential industrial development so better resource-management decisions can be made.

Measure: **Industrial Disposition Planning (Active oil and gas dispositions subject to long-term plans)**

Description

A sample of oil and gas dispositions is reviewed to determine if any dispositions it contains are subject to long-term plans called area operating agreements. Long-term planning helps industry to pursue sustainable development of Alberta's natural resources and integrate stakeholder consultations. By completing long-term plans, Department approvals for industrial dispositions are also streamlined.

Target

35 per cent of active oil and gas dispositions subject to long-term plans

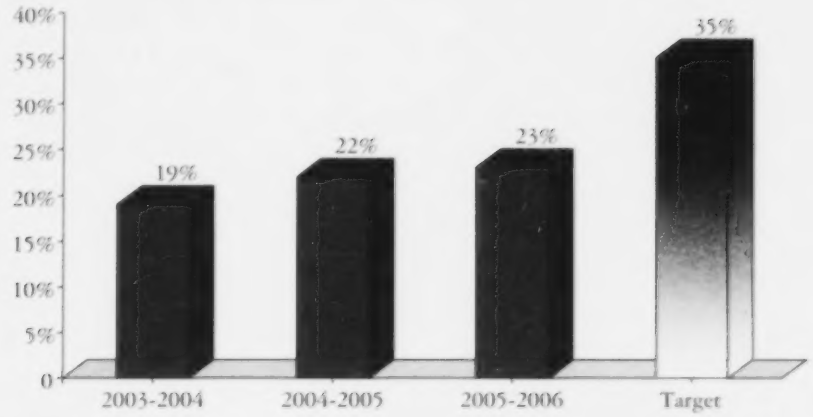
Actual Result

23 per cent of active oil and gas dispositions subject to long-term plans

Analysis

While this result of 23 per cent of dispositions being subject to long-term plans is below the target of 35 per cent, long-term plans have been gaining acceptance in industry. The total number of industrial applications has increased significantly during the past two years because of ever-increasing oil and gas activity in the province. Meanwhile, the Department has been able to slightly increase the percentage of approved dispositions subject to long-term plans from 19 per cent in 2003-04 to 23 per cent in 2005-06, thus streamlining the work associated with processing them.

Active industrial dispositions* subject to long-term plans**



* Dispositions provide industry with approval to use Alberta's public land (e.g., for oil, gas or road development)

** Long-term plans are called area operating agreements

Measure: **Timely, Efficient Disposition Decisions (Average number of working days for completion of industrial dispositions)**

Target

An average of less than 20 working days to complete approvals of industrial dispositions

Actual Results

An average of 21.6 working days to complete approvals of industrial dispositions

Description

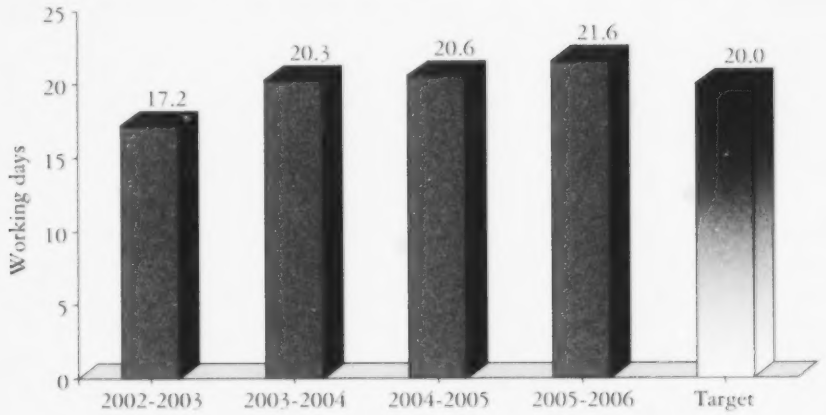
The amount of time it takes the Department to process industrial dispositions (well sites and pipelines) is tracked to determine if they are being approved within established timelines. If timelines are met, Albertans are receiving the advantage of rapid access to carry out business on provincial land.

Analysis

In 2005-06, Sustainable Resource Development was able to complete industrial dispositions in just under an average of 22 working days, slightly exceeding the target of 20 days. Significant external factors that influenced the department's performance in this area include:

- Increasing volumes of industrial dispositions.
- Uneven distribution of application requests. A backlog can be created if the number of requests received within a short time period exceeds staff ability to process them.
- Disposition processing delays. Delays sometimes happen when additional information is required from the client. The time that the client takes to submit the information to department staff can have a substantial influence on the time it takes to process industrial dispositions.

Timeliness for completing dispositions allowing industry to use public land



Measure: **Timely, Efficient Disposition Decisions (Average number of working days for completion of geophysical approvals)**

Target

An average of less than 10 working days to complete geophysical approvals

Actual Results

An average of 7.1 working days to complete geophysical approvals

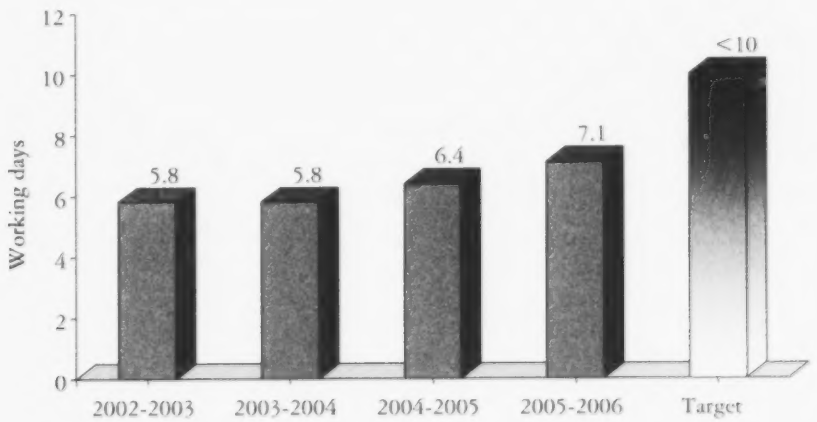
Description

The amount of time it takes the Department to process geophysical approvals is tracked to determine if they are being approved within established timelines. If timelines are met, Albertans are receiving the advantage of rapid access to carry out business on provincial land.

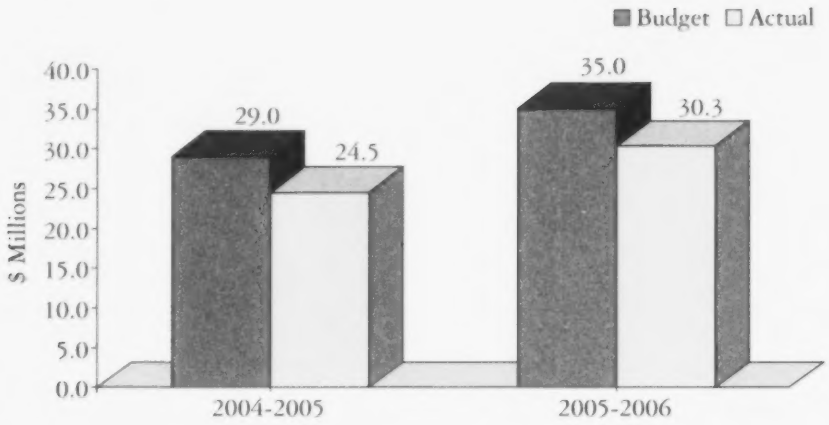
Analysis

Geophysical approvals were completed in an average of just over seven working days, exceeding the 10-day target. A new information system called Application Disposition Process and Tracking (ADEPT) was recently introduced, which continues to streamline the process.

Timeliness for completing geophysical approvals for public land use



Land-use and disposition services budget and expenditures



Financial Information for Goal 5 Supporting Core Business 2

Expenditures for land-use and disposition services totaled $30.3 million in 2005-06, $4.7 million less than the anticipated budget of $35.0 million. A portion of the unused budget is attributable to a decrease in the requirement for the use of nominal sum disposals (e.g., transfers of public land to municipalities below market value). Decreased credit or recovery* activity accounts for the remainder of the unused budget. In 2005-06, expenditures increased 24 per cent over 2004-05 levels due to increased credit or recovery activity.

* Credit or recovery activity is also referred to as dedicated revenue. There are circumstances where tax, fee or licence revenue is dedicated directly to fund a related expenditure program. If the actual dedicated revenue collected is less than budget, the related expenditure program can only spend up to the amount of the dedicated revenue collected.

Core Business Three: Land, Access and Compensation Boards

Goal 6: Timely and impartial decisions on resource development and Confined Feeding Operations are made in the public interest.

Results:

Natural Resources Conservation Board

Administrative Review

- Commissioned an independent administrative review of the Natural Resources Conservation Board including consultation with both internal and external stakeholders.
- Directed the board to adopt a new structure as a result of the review's recommendations. As directed, the board divided its quasi-judicial appeal role and its administrative operations (such as approvals and compliance for confined feeding operations) into two clearly defined and separate functions. This division enhanced the board's ability to make credible, fair and effective decisions.

Reviews of Major Projects

- Added NRCB decisions on requests for review to the NRCB web site to increase public access to the board's reasons for its decisions.
- Started updating a public guide on the hearing process that will be completed in 2006-07.

- Utilized a shared-service agreement with the Energy and Utilities Board to access resources required for a major review under the *Natural Resources Conservation Board Act*. As well, ties were strengthened with Alberta Environment for pre-screening and advance notification of projects that require environmental impact assessments and NRCB review.

Decisions on Confined Feeding Operations

- Conducted debriefing meetings after each NRCB review. Consultations were held with Agriculture, Food and Rural Development and other stakeholders on hearing procedures for appeals under the *Agricultural Operation Practices Act*. Recommendations for changes to the hearing process were advanced to the board for consideration.
- Responded to and resolved 99 per cent of all complaints received within 90 working days. A protocol to prioritize complaints based on risk to the environment was finalized, introduced and used by inspectors to evaluate the urgency of complaints received.
- Developed a draft mediation policy. Mediation was informally used for complaint resolution and a negotiated settlement was accepted by the board in lieu of holding a public hearing. Formal mediation can be used at the board level if the issues at hand can potentially be resolved through a mediation process. Issues involving the interpretation of legislation are not appropriate for mediation.
- Held consultations with Agriculture, Food and Rural Development and other stakeholders to simplify and clarify the permit application process, and initiated major revisions to the forms, guides and policies supporting the application process.
- Held consultations with stakeholders on a new compliance policy, and on changes to the application process. As well, a new quarterly publication was created for stakeholders, stakeholder agreement was obtained to assist with distribution, and increased emphasis was placed on educating operators to reduce impacts and achieve voluntary compliance.

Surface Rights Board

- Commissioned an independent administrative review of the Surface Rights Board including consultation with both internal and external stakeholders.
- Named a new chair of the board to act on review recommendations and ensure the board delivers its mandate efficiently and effectively.
- Issued 229 right-of-entry orders to energy companies permitting activity on public and private land.
- Determined compensation amounts for 145 right-of-entry orders and conducted five-year reviews of compensation on 208 orders.
- Settled disputes on six orders and determined compensation for associated damage from energy activities.
- Recommended payment of compensation to 383 landowners where the company defaulted on payment.

Land Compensation Board

- Commissioned an independent administrative review of the Land Compensation Board including consultation with both internal and external stakeholders.
- Named a new chair of the board to act on review recommendations and ensure the board delivers its mandate efficiently and effectively.
- Issued nine orders to address compensation issues arising from the expropriation of land by a municipality or the Province for projects or public works.

Target

100 per cent of decisions issued within 80 days of the conclusion of the review

Actual Results

100 per cent of decisions were issued within 80 days of the conclusion of the review

Measure: *Natural Resources Conservation Board Act* **reviews: Average working days from completion of the record to decision release**

Description

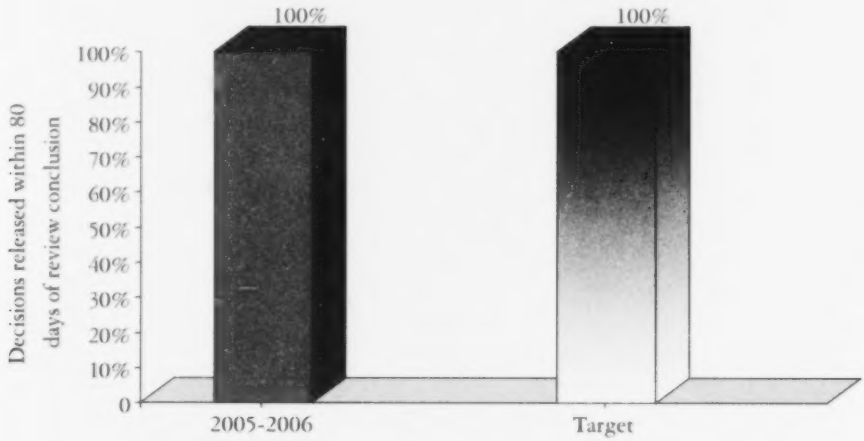
This measure helps ensure that timely decisions are provided to stakeholders involved in board reviews of projects.

The Natural Resources Conservation Board, through the *NRCB Act*, ensures that where development occurs, it is within the overall public interest, having considered the economic, social and environmental impacts of proposed projects. The NRCB's goal is to ensure that reviews of proposed major, non-energy, natural resource projects are effective and efficient.

Analysis

One *NRCB Act* decision report was released following board review of an application (no hearing was conducted). There were 35 working days between completion of the record and the release of the decision. Given that the only *NRCB Act* decision released in 2005-06 was issued in under 80 working days of the conclusion of the review, the actual result for this measure was 100 per cent, meeting the target.

NRCB timeliness in issuing decisions on reviews under the NRCB Act



Measure: *Agriculture Operation Practices Act* **(AOPA) Applications: Average working days to issue a decision on a technically complete file (all application requirements met)**

Target

85 per cent of decisions issued within 22 days of all application requirements being met

Actual Results

91 per cent of decisions were issued within 22 days of all application requirements being met

Description

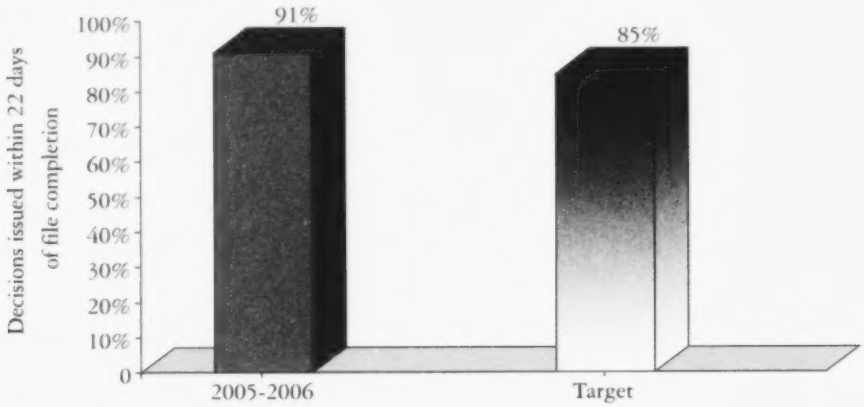
This measure calculates the time taken by approval officers to evaluate the information submitted on an application including information submitted by referral agencies and affected parties. Results reflect the efficiency of the decision-making process under the NRCB's control.

The objective is to reduce the time required by the Natural Resources Conservation Board to process a complete application once all responses have been received. A clear understanding of legislative requirements and the consistent application of AOPA in reviewing and assessing applications for confined feeding operations ensures a more efficient decision-making process.

Analysis

Decisions were issued on 91 per cent of applications within 22 days of them being deemed technically complete. This exceeded the target of 85 per cent within 22 days.

NRCB timeliness in issuing decisions on confined feeding operations



Measure: ***Agricultural Operation Practices Act*** **(AOPA) Compliance: Percentage of complaint files resolved or requiring no further action within 90 days**

Target
80 per cent of complaint files resolved or require no further action within 90 days
Actual Results
99.6 per cent of complaint files were resolved or required no further action within 90 days

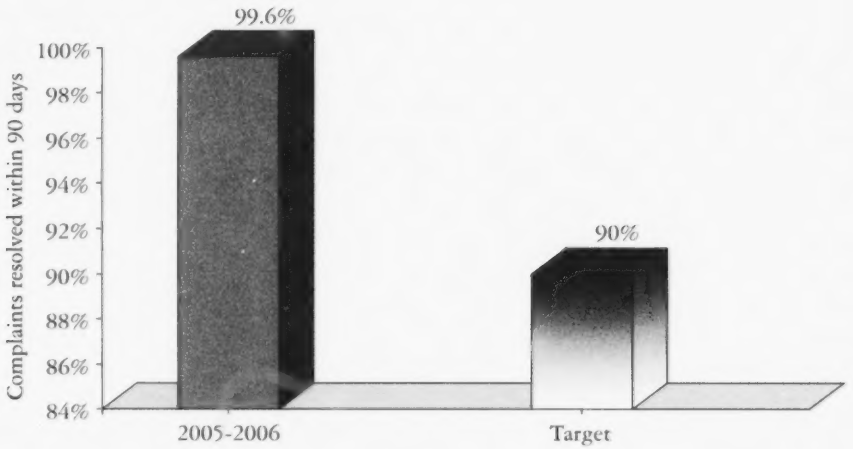
Description

This performance measure helps ensure that complaints are dealt with and resolved in a timely manner by the Natural Resources Conservation Board. The time measured begins once a complaint is received and it continues until the complaint is closed or a plan of action to deal with the issue has been implemented.

Analysis

99.6 per cent of complaints were resolved or required no further action within 90 days. This exceeds the target of resolving 80 per cent of complaints within 90 days of receiving them.

NRCB timeliness in resolving complaints about confined feeding operations



Measure: **Surface Rights Board: Appeals on decisions issued by the Surface Rights Board upheld by the courts**

Target
100 per cent of appeals on SRB decisions upheld by the courts
Actual Results
None appealed to courts in 2005-06

Description

The Surface Rights Board (SRB) resolves disputes by interpreting the available legislative framework that guides board matters. Decisions that are upheld by independent judicial review demonstrate that the administrative and judicial systems that the SRB has developed are working.

Analysis

No SRB decisions were appealed to the courts in 2005-06.

Measure: **Land Compensation Board: Appeals on decisions issued by the Land Compensation Board upheld by the courts**

Target

100 per cent of appeals on LCB decisions upheld by the courts

Actual Results

100 per cent of appeals on LCB decisions were upheld by the courts

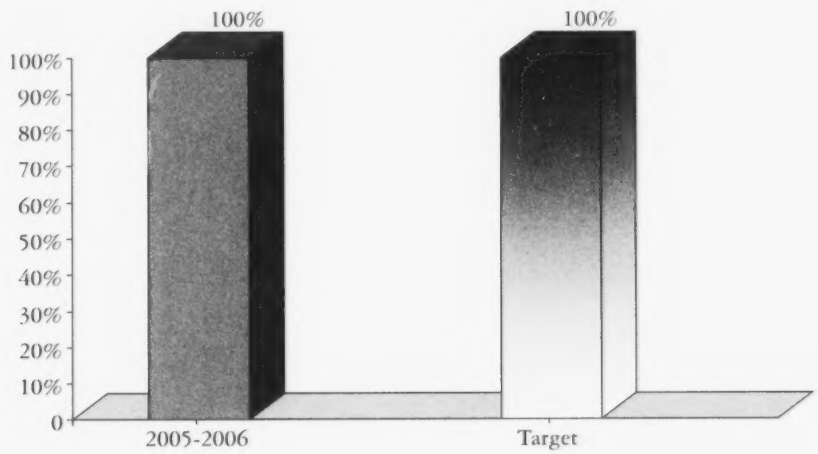
Description

The Land Compensation Board (LCB) resolves disputes by interpreting the available legislative framework that guides LCB matters. Issuing decisions that are upheld by independent judicial review, indicates that the LCB's administrative and judicial systems are working.

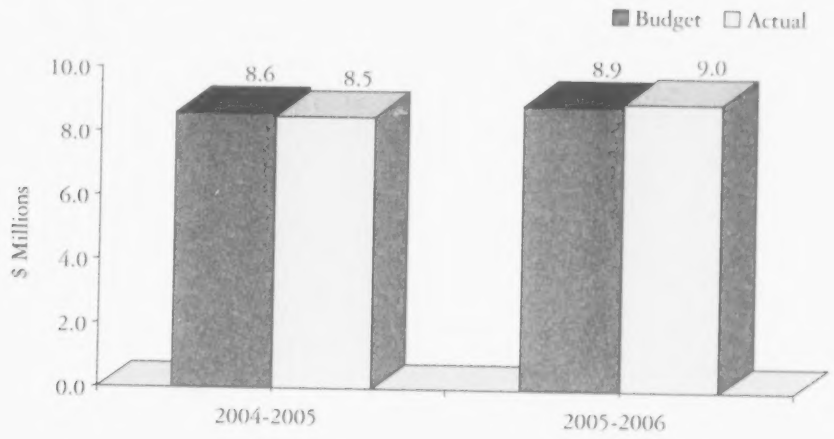
Analysis

Four LCB decisions were appealed to the courts in 2005-06, and none were overturned. Therefore, 100 per cent of LCB decisions were upheld during this period. As a result, the LCB met its target of 100 per cent.

LCB appeals upheld by the courts



Land, access and compensation boards budget and expenditures



Financial Information for Goal 6 Supporting Core Business 3

The overall expenditure on the land, access and compensation boards exceeded its budget by $0.1 million because of grant funding for landowner claims where companies have defaulted or disputed payment for surface land access. 2005-06 expenditures increased by 6 per cent over 2004-05 levels because of an increase in the operating grant to the Natural Resources Conservation Board.

2005-06 Performance Measures Source and Methodology

Goal 1: Alberta's forests and forest communities are protected from wildfires.

Data Source for Prevention, Detection, and Containment and Suppression Measures

The Fire Information Resource System (FIRES) provides the data for all measures related to prevention, detection, and containment and suppression. It is a single-source data-entry system that captures much of Forest Protection Division's business data at the source. It provides staff at all levels with near real-time information needed to make empowered decisions. The system standardizes the collection and entry of data, provides data in a standard format for decision support systems, tracks the number of wildfire resources being utilized, and maintains historical records about wildfires and weather. The FIRES system helps to ensure that information is shared and resources are deployed efficiently and economically in emergency situations that require immediate response.

Data administrators allow designated users access to the FIRES program through individual user identification and passwords. The ability to input data, change results and audit entries is controlled by assigning roles to users based on their areas of responsibility. Wildfire suppression personnel supply data through status update reports, daily updates, and the fire report form.

Performance Measures:
Prevention

Number of human-caused fires
Number of industry-caused fires

Methodology

A wildfire is initially classified as caused by humans or lightning. The human-caused category is then subdivided into the following classifications:

- Human-caused: this classification includes incendiary (wilfully caused wildfires), recreation, residents and other miscellaneous human causes.
- Industry-caused: this classification includes wildfires caused by activities of the forest industry, railway and other industries (e.g., mining, oil and gas, commercial tourism and utility).

Performance Measures:
Detection

Wildfires detected by 0.1 hectare in size
Detected wildfires reported within 5 minutes

Methodology

Detection results compare the number of wildfires detected by Sustainable Resource Development's lookout and air patrols at 0.1 hectare in size as well as within five minutes of detection, against all wildfires reported by lookouts and air patrols during the same period.

Performance Measures:
Containment and Suppression

Wildfires contained within first burning period (before 10 a.m. the day following detection)
Wildfires contained by 4.0 hectares in size

Methodology

Containment size or burning period results compare wildfires that have a "being held" or "under control" status before 10 a.m. the day following detection or before reaching four hectares in size, against all wildfires recorded during the same period. These measures are mutually exclusive; they are two different and distinct methods to measure fire containment progress.

Performance Measure:
Response

Wildfires actioned before they reach 2.0 hectares in size

Data Source

Spatial Fire Mapping System maps and reports
Pre-suppression preparedness plans
Weather data

Methodology

Response results are calculated by comparing the number of wildfires in which initial firefighting began at two hectares in size or less, against all wildfires recorded during the same period.

Goal 2: The values Albertans receive from forests and forest landscapes are sustained and enhanced for future generations.

Performance Measure:
Timber Allocation (Gap between Harvest and Annual Allowable Cut)

Data Source

Annual allowable cut (AAC) is an outfall of industry and government timber supply analysis. Analyses documents are stored in the Forest Management Branch. AACs are allocated through detailed forest management plans approved by the Department. These plans and supporting technical data are also stored in the Forest Management Branch. Allocations are implemented in tenure arrangements (forest management agreements, coniferous quota certificates, deciduous timber allocation, commercial timber permits) and tenure documents are stored on Department disposition files. Changes to AAC and allocations are tracked in the Timber Production and Revenue System (TPRS).

Timber harvest information is obtained from TPRS. This is a database the Department maintains for industry clients and department staff to report on timber harvesting in Alberta.

Methodology

AAC is the amount of timber that can be harvested on a sustainable basis (in accordance with the policy of sustained yield) within a defined planning area. Recreation areas, wildlife reserves and stream buffers are excluded from the AAC calculation. The AAC is determined on either an individual forest management unit or specific forest management agreement area basis. Information is compiled in an ACCESS database to determine the total figure for the entire province. Data from the Timber Production and Revenue System are used to determine the harvest level. Certain volumes are not included in the harvest level for the purpose of comparability to the AAC. For example, fire salvage is not included in harvest levels because it does not contribute to the AAC. A five-year rolling average is used to report the provincial AAC and harvest levels.

Performance Measure:
Forest Sustainability (Average age of approved forest management plans)

Data Source

Staff maintain summary data on all current forest management plans using Microsoft Office software. Copies of actual forest management plans are housed in the Department's filing rooms.

Methodology

Companies that have a forest management agreement (FMA) are required to develop forest management plans. Non-FMA holders also have the ability to file forest management plans and are included in the data. Plans are developed in conjunction with Sustainable Resource Development and other stakeholders in planning teams. Forest management plans are developed using the latest data and research, while balancing current economic, environmental and social considerations. Regularly revising forest management plans ensures Alberta's forests are being managed sustainably.

The average age of all forest management plans is calculated according to the area of a Forest Management Unit (FMU, an administrative unit of forest land designated by the Minister, as authorized under Section 14(1) of the *Forests Act*). The larger the FMU, the greater the weighting used towards calculating the overall age of management plans. Forest management agreement holders who have not yet developed their plans are considered to be approved as of 1986.

Goal 3 The values Albertans receive from wild species are sustained and enhanced for future generations.

Performance Measure:
Healthy Sustainable Wildlife Populations (Species populations are sustained)

Data Source

Sources of information range from data from structured studies and inventory programs, to anecdotal information or informed opinion from experts in the natural history community.

Methodology

Information is gathered on each species and used to rate seven key criteria to arrive at an assessment of extinction risk. (Information is gathered on the same species every time to ensure that the results are comparable for each reporting period.) The rating criteria used include population size, number of occurrences, distribution, population trend, distribution trend, threats to population and threats to habitat. Each criterion is rated on a scale from A to D, with A being of greatest concern and D being of least concern. After reviewing the ranks, the species is assigned to a status category: Extirpated/Extinct, At Risk, May be at Risk, Sensitive, Secure, Undetermined, Not Assessed, Exotic or Accidental/Vagrant. This information is based on the Department's contribution to the *Wild Species 2005: The General Status of Species in Canada* report published in 2006.

Grouping	Total Species Reported on (2000)	# At Risk (2000)	# At Risk (2005)
Birds	402	7	8
Mammals	95	3	4
Reptiles	8	0	0
Amphibians	10	1	1
Fish	63	0	5
Butterflies & Skippers	162	0	0
Orchids	26	0	0
Ferns	46	0	0
Total	**812**	**11**	**18**
% of Total		**1.35%**	**2.22%**

Performance Measure:
Benefits from Wild Species (Albertans who reported watching and enjoying wildlife)

Data Source

Detailed data tables provided by contracted research firm for non-consumptive data.

Methodology

Much Department effort is devoted to ensuring that Alberta's fish and wildlife resources are available for Albertans' benefit and long-term use. Identifying the volume of Albertans who enjoy these resources and estimating the economic benefits derived from this enjoyment emphasize the importance and value of Alberta's fish and wildlife resources.

The volume of non-consumptive users of wild species in Alberta is calculated using a public opinion poll. The question is based on a version developed by Statistics Canada in the study *The Importance of Nature to Canadians*. The primary question on the survey was:

In the past 12 months, did you take any same-day or overnight trips within Alberta where the main purpose was to watch, feed, photograph or study wildlife? (For example, trips for bird watching, wildlife photography, etc.)

If respondents answered "no" to this question, they were asked the following secondary question:

In the past 12 months, did you take any same-day or overnight trips within Alberta where watching, feeding, photographing or studying wildlife were a secondary reason for your trip? (For example, trips for bird watching, wildlife photography, etc.).

The number of respondents who answered "yes" to either of the two questions is divided by the total number of weighted respondents polled. This number is multiplied by the number of Albertans 18 years and older.

The telephone survey was administered by Ipsos-Reid to 800 Albertans 18 years of age and older within households randomly selected across Alberta. The sample was drawn in proportion to the populations of 12 urban centres and three rural regions within the province based on information from Statistics Canada's 2001 census data. The survey was conducted by telephone in September 2005. The results are considered to be accurate to within ±3.5 per cent, at the 95 per cent confidence level.

Goal 4: The values Albertans receive from rangelands are sustained and enhanced for future generations.

Performance Measure:
Public Rangeland Allocation (animal unit months allocated)

Data Source

The majority of data for calculating the number of allocated animal unit months (AUMs) originates from the Department's Geographic Land Information Management and Planning Systems (GLIMPS). Allocation data are also found in the Land Status Automated System (LSAS) and, to a limited extent, in the hard-copy files for AUMs associated to the permits located at the Camp Wainwright grazing site.

Methodology

An AUM is the amount of forage required to feed one animal unit (one cow with calf at side) for 30 days. This amount is approximately 1,000 pounds of forage dry matter. The measure is calculated by adding all AUMs from the various data sources.

AUMs are calculated by determining the total amount of available forage less a safe use factor and divided by the monthly consumption of an animal unit.

The safe use factor is the amount of plant material required to sustain the forage plant, maintain range health and meet conservation and wildlife needs. The safe use factor is generally between 30 and 50 per cent; however, this is adjusted according to range management requirements.

This measure comprises AUMs allocated through the various channels:

- Grazing leases - long-term (10-20 years) agreements with leaseholders.
- Grazing licences - 10-year agreements with licence holders.
- Grazing permits - annual but renewable every year (usually along a shoreline where the land fluctuates or small irregular parcels of land with restricted land uses).
- Forest reserves - grazing within the Forest Protection Area; applicable to the Rocky Mountain Forest Reserve, which is under specified legislation. Prime use is watershed protection but some grazing is permitted.
- Grazing reserves - community pasture; grazing occurs under annual permit.
- Camp Wainwright - land that is leased by the Canadian military from the provincial government. The Canadian military sub-leases areas of land that are not being used for military purposes for grazing. Sustainable Resource Development staff provide management services for these leases on behalf of the military.

Not included in this measure are head tax permits. These are temporary grazing opportunities that are provided that do not substantially affect overall rangeland use.

Performance Measure:
Rangeland Sustainability (Rangeland leases in good standing)

Data Source

Rangeland agrologists use field evaluations to determine the standing of grazing dispositions.

Methodology

Department staff thoroughly reviewed a random sample of 704 leases for overall rangeland health and management practices employed by leaseholders. Based on this assessment, staff assigned a status of "good" or "not good," which was recorded in the Department's GLIMPS information system. The measure was calculated by dividing the total number of leases surveyed and rated as "good" by the entire 704 leases surveyed. Results based on 704 reviews are considered accurate to within ±3.5 per cent, at the 95 per cent confidence level.

Goal 5: The values Albertans receive from public lands are sustained and enhanced for future generations.

Performance Measure:
Industrial Disposition Planning (Active oil and gas dispositions subject to long-term plans)

Data Source

Land Status Automated System (LSAS), Department files

Methodology

The disposition type and the purpose code for application in 2005-06 were entered in LSAS when the application is received from the applicant. The application form provides for an entry to be made to identify the long-term plan (Area Operating Agreement (AOA)) number to identify these types of applications. Further checks were made during the processing of the application to verify that the site was included in the approved long-term plan.

At the end of the year, a search was made of the data in LSAS to determine the number of applications received under AOA. A listing is made of these applications, the data is reviewed, and the number calculated. A second search is made of the data in LSAS to determine the summary of applications received under each purpose code. This validates the total of each disposition type from the first run as well as provides the total of each disposition type by purpose code. The purpose codes are: 01 Access Road, 02 Wellsite, 03 Wellsite & Access Road, and 12 Pipeline.

Performance Measure:
Timely, Efficient Disposition Decisions (Average number of working days for completion of industrial dispositions)

Data Source

Land Status Automated System

Methodology

Applications for industrial dispositions on public lands are sent to Department staff for review, then entered into the Land Status Automated System. LSAS automatically tracks and calculates the total time it takes to issue approvals for industrial dispositions. The number of working days (Monday to Friday, excluding public sector holidays) spent approving dispositions is then divided by the number of dispositions approved.

Performance Measure:
Timely, Efficient Disposition Decisions (Average number of working days for completion of geophysicial approvals)

Data Source

Data is extracted from the Application and Disposition, Processing and Tracking (ADEPT) system and Land Status Automated System. ADEPT is the system the Department uses to administer and manage dispositions. It brings together the textual and spatial components for decision support and management reporting, transaction processing and office information.

Methodology

Applications for geophysical dispositions are sent to Department staff for review, then entered into the ADEPT system. ADEPT automatically tracks and calculates the total time it takes to issue an approval for a geophysical disposition. The number of working days (Monday to Friday, excluding public sector holidays) spent approving dispositions is then divided by the number of geophysical dispositions approved.

Goal 6: Timely and impartial decisions on resource development and confined feeding operations are made in the public interest.

Performance Measure:
***Natural Resources Conservation Board Act* (NRCBA) Reviews: Average number of working days from the conclusion of the review (or completion of the record if a hearing is not conducted) to decision report release**

Data Source

Project files are managed by the Edmonton Administrative Assistant with direction from the Manager, Board Reviews (as required). Separate reports are maintained for each fiscal year.

Methodology

This data relates only to board reviews conducted under the authority of the *Natural Resources Conservation Board Act*.

At the close of a *Natural Resources Conservation Board Act* hearing, staff identify whether further information or undertakings are to be submitted, or alternatively if the record is complete. The Manager of Board Reviews confirms with the panel chair whether or not the record is complete (identifies that the panel has sufficient information to reach a decision or whether additional information is required).

If a hearing is not conducted, following an application (i.e., no bona fide objections filed) the Manager of Board Reviews also confirms with the panel chair that the record is sufficient and complete in order for the panel to reach a decision.

The Manager of Board Reviews confirms with the panel chair the date documents were last submitted to complete the record and tracks the deadline for release of the decision report in order to meet the target of concluding files in 80 working-days.

Data/output are recorded in the fiscal year in which an NRCB decision report is released.

Starting from the date the record is completed, staff count the number of working days until the date the decision report is released (excluding weekends and statutory holidays) and record this information.

To calculate the percentage result for this measure, staff identify the number of decisions released that met the target and divide this by the total number of decisions. For example, if three decisions are released, but only two are released within 80 working days, the result would be 2/3 = 66 per cent.

Performance Measure:
***Agriculture Operations Practices Act* (AOPA) Applications: Average working days to issue a decision on a technically complete file (all application requirements met)**

Data Source

A report is extracted from the confined feeding operations (CFO) database.

Methodology

Applications for approval, registrations and authorizations are entered into the CFO database by the regional office administrative assistant. The application captures the date the approval officer determined the application to be technically complete, the date the last response was received and the date the approval officer issued the decision on approval, registration or authorization. All NRCB staff with the permission designation of Approval Officer (seven staff), Inspector (eight staff), Administrator (five staff) or Master (five staff) have access to enter or edit the information in the database. All entries or changes to the database are tracked in the users' transaction report. This report records the user, the date, the time and the area of the database where information was entered or updated.

Each application that is technically complete and on which a decision has been issued is captured on a monthly, quarterly and annual basis. Approval officers are responsible for reviewing and ensuring the accuracy of the information entered into the database. As well, the applications co-ordinator periodically reviews database information for accuracy. A paper copy of the database report is maintained on file and is consistent with the information contained in the database on the date the report was printed.

The total number of working days (Monday to Friday, excluding public sector holidays) between the date the last response was received and the date the decision was issued for each application in a fiscal year is divided by the number of applications with a decision issued in that time period.

Performance Measure:
***Agricultural Operations Practices Act* (AOPA) Compliance: Percentage of complaint files resolved or requiring no further action within 90 days**

Data Source

A report is extracted from the confined feeding operations (CFO) database.

Methodology

Administrators for each field office enter complaint information in the CFO database and assign each complaint to a field inspector. Administrators also create a corresponding paper file. Field inspectors are responsible for recording investigation details and any actions taken in the database. This information is verified when reports are run by the compliance analyst. If anomalies are noted in database information, the field inspector is asked to verify or correct the information. Only the administrator and field inspector assigned to the file can input information regarding the file. Complaint information is taken directly from call sheets that are completed by the 24-hour call centre in Edmonton and faxed to the appropriate field office, or completed directly by local field office staff.

This is a real-time database. Report results may change based on updates. Data for this measure are pulled within the first three working days of the new fiscal year. The days are counted between the date the complaint comes in and the date the complaint is closed. Weekends and statutory holidays are included.

Performance Measure:
Appeals on decisions issued by the Surface Rights Board upheld by the courts

Data Source

Administrative filing systems maintained by the Surface Rights Board (SRB), as well as filing systems maintained by the Alberta law courts.

Methodology

The Surface Rights Board maintains administrative systems that track all files that proceed through the hearing process. This tracking system is primarily a word-processing document that identifies the file, basic details and the current status within the hearing and judicial review process.

When a party states it is dissatisfied with an SRB ruling, the case is forwarded to the Alberta law courts as an appeal. SRB administrative staff regularly contact the law courts to determine the status of these appeals (i.e., whether the file has been abandoned, settled, withdrawn, discontinued, or a judge has made a final decision).

Once the file has completed its progress through the judicial system, staff gather the appropriate documents for filing at the SRB. The outcome of each file is logged into the administrative tracking system.

The number of SRB decisions that have been reviewed in the Alberta law courts in a given fiscal year is the base for this measure. Because of the judicial process, the ruling provided by a judge in a given year may relate to a file that was initiated at the SRB several years ago.

Those SRB decisions judges hear and subsequently uphold (i.e., don't change) in a fiscal year are divided by the total number of SRB appeals judges decide in the same time period. The percentage calculated is the result for this measure.

Performance Measure:
Appeals on decisions issued by the Land Compensation Board (LCB) upheld by the courts

Data Source

Administrative filing systems maintained by the LCB, as well as the filing systems maintained by the Alberta law courts.

Methodology

The LCB maintains administrative systems that track all files that proceed through the hearing process. This tracking system is primarily a word-processing document that identifies the file, basic details, and the current status within the hearing and judicial review process.

When a party states it is dissatisfied with a ruling by the LCB, the case is forwarded to the Alberta law courts as an appeal. Administrative staff at the LCB regularly contact the law courts to determine the status of these appeals (i.e., whether the file has been abandoned, settled, withdrawn, discontinued or a judge has made a final decision).

Once the file has completed its process within the judicial system, staff gather the appropriate documents for filing at the LCB. The outcome of each file is logged into the administrative tracking system.

The number of LCB decisions that have been reviewed in the Alberta law courts in a given fiscal year is the base for this measure. Because of the judicial process, the ruling provided by a judge in a given year may relate to a file that was initiated at the LCB several years ago.

Those LCB decisions judges hear and subsequently uphold (i.e., don't change) in a fiscal year are divided by the total number of LCB appeals judges decide in the same time period. The percentage calculated is the result for this measure.

Financial Information

Revenue from Premiums, Fees and Licenses

Revenues collected for premiums, fees and licences were $34.8 million lower than the prior year. The net overall decrease was primarily due to decreased timber dues revenue, which resulted from a combination of lower stumpage rates, and the fact that 2004-05 was an unusually high year for dues rates. In 2005-06, there was an $11.4 million increase in revenue compared to budget, due to the volatility in the timber market and the increase in oil and gas activity for surface leases.

Other Revenue - Canadian National Railway Company

The Ministry received $10.0 million in compensation from the Canadian National Railway Company as part of a Fire Claim Settlement Agreement where the Crown suppressed a wildfire that originated near the community of Chisholm, Alberta in 2001.

Wildfire Management - Wildfire Emergency

Severe drought continued in the northern third of Alberta's Forest Protection Area, which received no significant moisture during the first half of the 2005-06 fire season. These conditions contributed to wildfires that posed a threat to communities. A forest fire emergency was declared and, as a result, the Ministry received increased funding of $87.4 million in supplementary estimate.

Natural Resource and Public Land Management - Mountain Pine Beetle Infestation

Significant mountain pine beetle populations were detected in British Columbia, within 50 kilometres of the Alberta-British Columbia border, as well as several thousand spot infestations along Alberta's Eastern Slopes. These infestations threatened two million hectares of mature pine forests along the Eastern Slopes, representing 30 per cent of the province's coniferous annual allowable cut. The estimated economic value of timber at risk is $23 billion. As a result, the Ministry received an additional $8.3 million to increase detection and control of mountain pine beetle infestations.

Financial Processes

During the 2005-06 fiscal year, the department pursued a number of financial initiatives:

- Aligned the Department's use of the Purchasing Card (P-Card) to the new Government of Alberta P-Card initiative.
- Revised and improved documentation of financial processes.
- Conducted a complete procurement review to identify gaps between current practices and best practices, and identify opportunities for improvement.
- Continued to revise financial policies and procedures to ensure that best practices and Auditor General's recommendations are implemented to strengthen internal controls and mitigate risk.
- Maintained partnership with Restructuring and Government Efficiency (RGE) to improve processes and define roles and responsibilities in the areas of information technology, human resources, administration and finance.

Auditor's Report

AUDITOR GENERAL *Alberta*

To the Members of the Legislative Assembly

I have audited the consolidated statement of financial position of the Ministry of Sustainable Resource Development (the Ministry) as at March 31, 2006 and the consolidated statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the management of the Ministry. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Ministry as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J. Dunn FCA
Auditor General

Edmonton, Alberta
May 19, 2006

Consolidated Statement of Operations

Year ended March 31, 2006
(in thousands)

	2006		2005
	Budget	Actual	Actual
Revenues			
Transfers from the Government of Canada	$ 3,658	$ 5,241	$ 4,075
Investment Income	3,885	3,721	2,799
Premiums, Fees and Licenses	142,117	153,495	188,309
Other Revenue	6,291	19,073	7,519
	155,951	181,530	202,702
Expenses (Schedule 1)			
Wildfire Management	75,829	160,690	194,614
Natural Resource and Public Land Management	131,769	130,310	105,938
Land, Access and Compensation Boards	8,873	9,040	8,525
Ministry Support Services	7,691	8,183	8,299
Environment Statutory Programs	4,925	3,457	4,065
	229,087	311,680	321,441
Statutory			
Valuation Adjustments			
Provision for (Recovery of) Doubtful Accounts	655	327	(77)
Provision for Vacation Pay	400	891	521
	1,055	1,218	444
	230,142	312,898	321,885
Gain on Disposal of Capital Assets	4,000	1,984	2,202
Net Operating Results	$ (70,191)	$ (129,384)	$ (116,981)

The accompanying notes and schedules are part of these financial statements.

Consolidated Statement of Financial Position

As at March 31, 2006
(in thousands)

	2006	2005
ASSETS		
Cash (Note 3)	$ 211,595	$ 165,568
Accounts Receivable (Note 4)	25,891	22,834
Advances	-	1
Inventories	4,949	4,997
Tangible Capital Assets (Note 5)	185,774	175,111
	$ 428,209	$ 368,511
LIABILITIES		
Accounts Payable and Accrued Liabilities	$ 32,873	$ 31,498
Unearned Revenue	39,742	34,896
	72,615	66,394
NET ASSETS		
Net Assets at Beginning of Year	302,117	336,434
Net Operating Results	(129,384)	(116,981)
Net Transfer from General Revenues	182,861	82,664
Net Assets at End of Year	355,594	302,117
	$ 428,209	$ 368,511

The accompanying notes and schedules are part of these financial statements.

Consolidated Statement of Cash Flows

Year ended March 31, 2006
(in thousands)

	2006	2005
Operating Transactions		
Net Operating Results	$ (129,384)	$ (116,981)
Non-cash items included in Net Operating Results		
Amortization	5,863	4,361
Write-down of Capital Assets	-	25
Gain on Disposal of Capital Assets	(1,984)	(2,227)
Valuation Adjustments	1,218	444
	(124,287)	(114,378)
Decrease (Increase) in Accounts Receivable	(3,385)	19,241
Decrease in Advances	1	6
Decrease (Increase) in Inventory	48	1,389
Increase in Accounts Payable and Accrued Liabilities	484	1,749
Increase (Decrease) in Unearned Revenue	4,846	(1,942)
Cash Applied to Operating Transactions	(122,293)	(93,935)
Capital Transactions		
Acquisition of Capital Assets	(14,736)	(9,126)
Proceeds from Disposal of Capital Assets	2,284	2,339
Transfer of Capital Assets from other Government Entities	(2,089)	(9,917)
Cash Applied to Capital Transactions	(14,541)	(16,704)
Financing Transactions		
Net Transfer from General Revenues	182,861	82,664
Increase (Decrease) in Cash	46,027	(27,975)
Cash, Beginning of Year	165,568	193,543
Cash, End of Year	$ 211,595	$ 165,568

The accompanying notes and schedules are part of these financial statements.

Notes to the Consolidated Financial Statements
Year Ended March 31, 2006
(in thousands)

Note 1 Authority and Purpose

The Minister of Sustainable Resource Development has been designated as responsible for various Acts by the *Government Organization Act* and its regulations. To fulfill these responsibilities, the Minister administers the organizations listed below. The authority under which the organizations operate is also listed. Together, these organizations form the Ministry of Sustainable Resource Development (the Ministry).

Organization	Authority
The Department of Sustainable Resource Development	*Government Organization Act* *Boundary Surveys Act* *Wildlife Act* *Fisheries (Alberta) Act* *Forests Act* *Forest and Prairie Protection Act* *Forest Reserves Act* *Mines and Minerals Act* *Public Lands Act* *Surveys Act*
Environmental Protection and Enhancement Fund	*Environmental Protection and Enhancement Act*
Natural Resources Conservation Board	*Natural Resources Conservation Board Act*
Surface Rights Board	*Surface Rights Act*
Land Compensation Board	*Expropriation Act*

The Ministry's core businesses are:

Wildfire Management - protects the multiple benefits received from forests within the Forest Protection Area of the province to prevent and suppress wildfire.

Natural Resource and Public Land Management - combines the efforts of all divisions towards achieving the goal of sustaining the benefits Albertans receive from their natural resources and public lands.

Land, Access and Compensation Boards - is the purview of the Ministry's three boards, which are guided by specific legislation that provide them with their mandates. The Natural Resources Conservation Board conducts independent public reviews of projects that may affect natural resources of Alberta and also regulates new or expanding confined feeding operations. The Surface Rights Board conducts hearings when an operator and landowner or an occupant fail to reach an agreement regarding entry or compensation related to resource activity on privately owned or occupied public lands. The Land Compensation Board is responsible for policies and procedures for situations where a landowner's property is expropriated by a public authority.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. These financial statements are prepared in accordance with the following accounting policies that have been established by government for all departments.

(a) Reporting Entity

The reporting entity is the Ministry of Sustainable Resource Development, for which the Minister of Sustainable Resource Development is accountable. The Ministry Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

These financial statements include activities of the Department of Sustainable Resource Development, the Environmental Protection and Enhancement Fund, and the Natural Resources Conservation Board. The financial statement of the Department of Sustainable Resource Development includes the activities of Surface Rights and the Land Compensation Boards.

(b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive goods or services directly in return.

Dedicated Revenue

Dedicated revenue initiatives provide a basis for authorizing spending. Dedicated revenues are shown as credits or recoveries in the details of the Government Estimates for a supply vote.

If actual dedicated revenues are less than budget and total voted expenses are not reduced by an amount sufficient to cover the deficiency in dedicated revenues, the following year's voted expenses are encumbered. If actual dedicated revenues exceed budget, the Department may, with the approval of Treasury Board, use the excess revenue to fund additional expenses of the program.

Expenses

Directly Incurred

Directly incurred expenses are those costs the Ministry has primary responsibility and accountability for, as reflected in the Government's budget documents.

In addition to program operating expenses such as salaries, supplies, etc., directly incurred expenses also include:

- amortization of tangible capital assets.
- pension costs which comprise the cost of employer contributions for current service of employees during the year.
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay.

Incurred by Others

Services contributed by other entities in support of the Ministry operations are disclosed in Schedule 3.

Assets

Financial assets of the Ministry are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals as well as inventories held for resale.

Assets acquired by right are not included. Tangible capital assets of the Ministry are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is $100 and the threshold for all other tangible capital assets is $5. All land is capitalized.

Donated tangible capital assets are recorded at their fair value at the time of contribution.

When physical assets (tangible capital assets and inventories) are gifted or sold for a nominal sum to parties external to the government reporting entity, the fair values of these physical assets less any nominal proceeds are recorded as grants in kind.

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Environmental Liabilities arise from the obligation to return disturbed land to an equivalent use (reclamation). When the Ministry is obligated to incur such costs, a reclamation liability is accrued based on management's best estimates. Where the environmental liabilities cannot be estimated, the nature of the liability and its potential effect on the ministry's financial statements is disclosed.

Net Assets

Net assets represent the difference between the carrying value of assets held by the Ministry and its liabilities.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash, accounts receivable, advances, and accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short-term nature of these instruments.

Measurement Uncertainty

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonable possible amount in the financial statements. In January 2006, the method for reporting some timber royalties changed from when the lumber was sold to when the timber was scaled. Timber producers were given an option of paying immediately for inventories not sold by December 31, 2005 or deferring payment over 12 months. The uncertainty lies in the dues rates over the next 9 months.

Timber dues revenue amounting to $2,929 recorded in these financial statements is subject to measurement uncertainty. While best estimates have been made for reporting items subject to measurement uncertainty, management considers that it is possible, based on existing knowledge, that changes in future conditions in the near term could require a material change in the recorded amounts. Near term is defined as a period of time not to exceed one year from the date of financial statements.

Notes to the Consolidated Financial Statements
Year Ended March 31, 2006
(in thousands)

Note 3 Cash

Cash mainly consists of a deposit in the Consolidated Cash Investment Trust Fund (CCITF). CCITF is managed with the objective of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital.

The portfolio is comprised of high quality short-term and mid-term fixed income securities with a maximum term to maturity of three years. As at March 31, 2006, securities held by CCITF have an effective market yield of 3.95% per annum (March 31, 2005, 2.79% per annum).

	2006	2005
CCITF Cash	$ 206,623	$ 160,817
Cash in Transit	2,998	3,094
Other Cash	1,974	1,657
	$ 211,595	$ 165,568

Note 4 Accounts Receivable

	2006			2005
	Gross Amount	Allowance For Doubtful Accounts	Net Realizable Value	Net Realizable Value
Accounts Receivable	$ 30,436	$ 4,545	$ 25,891	$ 22,834

Accounts receivable are unsecured and interest bearing at various rates.

Note 5 Tangible Capital Assets

		2006			2005
	Estimated Useful Life	Cost	Accumulated Amortization	Net Book Value	Net Book Value
General Capital Assets:					
Land	Infinite	$ 119,235	$ -	$ 119,235	$ 117,180
Buildings	40 years	32,548	14,685	17,863	15,967
Equipment	3-15 years	40,618	10,299	30,319	22,555
Computer Hardware and Software	5-10 years	18,354	10,299	8,055	7,423
Other	5-24 years	18,538	13,727	4,811	5,561
Infrastructure Assets:					
Land Improvements	15-40 years	44,456	39,977	4,479	5,259
Highways and Roads	20-40 years	5,976	5,035	941	1,090
Dam and Water Management Structures	20 years	97	26	71	76
		$ 279,822	$ 94,048	$ 185,774	$ 175,111

Land includes land acquired for building sites, infrastructure and other program use.

Equipment includes office, laboratory, heavy, mobile and fire protection equipment, vehicles and furniture.

Highways and roads consist of original pavement, roadbed, drainage works and traffic control devices. Other includes aircraft and aircraft engines.

Changes to tangible capital assets were as follows:

	2006	2005
Net Book Value at Beginning of Year	$ 175,111	$ 160,566
Tangible Capital Assets Purchased	14,736	9,126
Disposals and Write Downs	(299)	(137)
Transfer from other Government Entities	2,089	9,917
Amortization of Tangible Capital Assets	(5,863)	(4,361)
Net Book Value at End of Year	$ 185,774	$ 175,111

Note 6 Environmental Liabilities

At March 31, 2006, the Ministry was still in the process of investigating the extent of work and costs required on all sites for which it may have reclamation obligations.

Note 7 Contractual Obligations

	2006	2005
Capital Construction contracts	$ -	$ -
Service contracts	37,367	68,174
Long-term leases	6,336	7,136
Grants	1,700	442
	$ 45,403	$ 75,752

The aggregate amounts payable for the unexpired terms of these contractual obligations are as follows:

	Capital Construction Contracts	Service Contracts	Leases	Grants	Total
2007	$ -	$ 16,843	$ 3,305	$ 1,700	$ 21,848
2008	-	11,383	1,974	-	13,357
2009	-	4,216	898	-	5,114
2010	-	1,065	159	-	1,224
2011	-	-	-	-	-
Thereafter	-	3,860	-	-	3,860
	$ -	$ 37,367	$ 6,336	$ 1,700	$ 45,403

Note 8 Contingent Liabilities

At March 31, 2006, the Ministry is a defendant in twenty legal claims (2005 - twenty-one legal claims). Eighteen of these claims have specified amounts totaling $10,633,994 and the remaining two have no specified amounts (2005 - eighteen claims with specified amounts totaling $10,639,532 and three with no specified amount). Included in the total legal claims are nine claims totaling $10,623,320 and one claim with no specified amount (2005 - six claims totaling $10,628,372 and one claim with no specified amount) in which the Ministry has been jointly named with other entities. Seven claims totaling $10,558 are covered by the Alberta Risk Management Fund (2005 - twelve legal claims totaling $11,128).

The resulting loss, if any, from these claims cannot be determined.

The Ministry is actively involved in various legal actions to recover amounts spent on fighting forest fires. The outcome of these actions is not determinable at the present time; however, the amounts that may be recovered are potentially significant.

Note 9 Trust Funds Under Administration

The Ministry administers trust funds that are regulated funds consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the funds and administers them for the purpose of various trusts, they are not included in the Ministry's financial statements.

As at March 31, 2006 trust funds under administration were as follows:

	2006	2005
General Trust	$ 15,237	$ 13,505
Junior Forest Ranger Program	144	101
	$ 15,381	$ 13,606

General Trust is comprised of the following funds: Geophysical General Trust, Performance Deposit Trust, Forest Act Securities Trust, and Miscellaneous General Trust.

In addition to the above trust funds under administration, the Ministry holds bank guarantees in the form of letters of credit and promissory notes in the amount of $27,260 (2005 - $21,775).

Note 10 Defined Benefit Plans

The Ministry participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Ministry also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contribution of $8,119* for the year ended March 31, 2006 (2005 - $6,894).

* Represents employers' annual contributions to MEPP, PSPP and the Supplementary Retirement Plan, and related Fund for Public Service Managers.

At December 31, 2005, the Management Employees Pension Plan reported a deficiency of $165,895 (2004 - $268,101) and the Public Service Pension Plan reported a deficiency of $187,704 (2003 - $450,068). At December 31, 2005, the Supplementary Retirement Plan for Public Managers had a surplus of $10,018 (2004 - $9,404).

The Ministry also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2006, the Bargaining Unit Plan reported an actuarial deficiency of $8,699 (2005 - $11,817) and the Management, Opted Out and Excluded Plan an actuarial surplus of $8,309 (2005 - $3,208). The expense for these two plans is limited to employer's annual contributions for the year.

Note 11 Comparative Figures

Certain 2005 figures have been reclassified to conform to the 2006 presentation.

Note 12 Approval of Financial Statements

The financial statements were approved by the Senior Financial Officer and the Deputy Minister.

Expenses Detailed by Object

Year ended March 31, 2006
(in thousands)

Schedule 1

	2006		2005
	Budget	Actual	Actual
Salaries, Wages and Employee Benefits	$ 131,338	$ 142,643	$ 135,582
Supplies and Services	74,842	150,411	169,143
Grants	11,818	11,441	9,640
Financial Transactions and Other	52	76	69
Consumption of Inventory	2,600	1,270	2,646
Amortization of Capital Investment	8,437	5,863	4,361
Total Voted Expense Before Recoveries	$ 229,087	$ 311,704	$ 321,441
Less Recovery from Support Service Agreements with Related Parties (a)	-	(24)	-
	$ 229,087	$ 311,680	$ 321,441
Statutory			
Valuation Adjustments			
Provision for (Recovery of) Doubtful Accounts	$ 655	$ 327	$ (77)
Provision (Decrease) for Vacation Pay	400	891	521
	$ 1,055	$ 1,218	$ 444

(a) The Department provides financial and administrative services to the Ministry of Community Development. Cost incurred by the Department for these services are recovered from the Ministry of Community Development.

Related Party Transactions

Year ended March 31, 2006
(in thousands)

Schedule 2

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Department.

The Ministry and its employees paid or collected certain taxes and fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The Ministry had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amount of the consideration agreed upon between the related parties:

	Other Entities	
	2006	2005
Revenues		
Fees and charges	$ 255	$ 24
	$ 255	$ 24
Expenses Directly Incurred		
Grants	$ 161	$ -
Other services	$ 11,192	$ 11,962
	$ 11,353	$ 11,962
Capital Assets Transferred	$ 2,089	$ 9,917
Receivable from	$ 12	$ -
Payable to	$ 1,067	$ 1,435

The above transactions do not include support service transactions disclosed in Schedule 3.

The Ministry also had the following transactions with related parties for which no consideration was exchanged. The amount for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements. Only the amounts for accommodation and legal are disclosed in Schedule 3.

	Other Entities	
	2006	2005
Expenses - Incurred by Others		
Accommodation	$ 17,917	$ 16,517
Air Transportation	269	6
Legal	1,233	1,054
	$ 19,419	$ 17,577

Allocated Costs

Year ended March 31, 2006
(in thousands)

Schedule 3

Program	Expenses[1]	2006 Expenses-Incurred by Others: Accommodation Costs	2006 Expenses-Incurred by Others: Legal Services	2006 Valuation Adjustments: Vacation Pay	2006 Valuation Adjustments: Doubtful Accounts	2006 Total Expenses	2005 Total Expenses
Wildfire Management	$ 160,690	$ 5,740	$ 196	$ 231	$ (7)	$ 166,850	$ 199,785
Natural Resource and Public Land Management	130,310	10,832	906	536	334	142,918	117,371
Land, Access and Compensation Boards	9,040	565	-	(16)	-	9,589	9,087
Ministry Support Services	8,183	780	131	140	-	9,234	9,148
Environment Statutory Programs	3,457	-	-	-	-	3,457	4,065
	$ 311,680	$ 17,917	$ 1,233	$ 891	$ 327	$ 332,048	$ 339,456

(1) Expenses - Directly Incurred as per Statement of Operations, excluding valuation adjustments.

Auditor's Report

AUDITOR GENERAL *Alberta*

To the Minister of Sustainable Resource Development

I have audited the statement of financial position of the Department of Sustainable Resource Development (the Department) as at March 31, 2006 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the management of the Department. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Department as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J. Dunn FCA
Auditor General

Edmonton, Alberta
May 19, 2006

Statement of Operations

Year ended March 31, 2006
(in thousands)

	2006 Budget (Schedule 4)	2006 Actual	2005 Actual
Revenues (Schedules 1 and 2)			
Transfer to the Environmental Protection and Enhancement Fund	$ (76,143)	$ (106,112)	$ (130,631)
Remission of Surplus from the Environmental Protection and Enhancement Fund	65,128	95,169	118,734
Transfers from the Government of Canada	3,658	5,241	4,075
Premiums, Fees and Licenses	142,117	153,495	188,309
Investment Income	35	30	40
Other Revenue	3,640	17,475	5,403
	138,435	165,298	185,930
Expenses - Directly Incurred (Note 2b and Schedule 8)			
Votes (Schedules 3 and 5)			
Ministry Support Services	7,691	8,183	8,299
Wildfire Management	63,829	148,687	182,614
Natural Resource and Public Land Management	131,189	129,732	105,358
Land, Access and Compensation Boards	8,829	9,148	8,523
	211,538	295,750	304,794
Valuation Adjustments (Schedules 3 and 5)			
Provision for (Recovery of) Doubtful Accounts	655	327	(77)
Provision for Vacation Pay	400	891	521
	1,055	1,218	444
Total Expenses	212,593	296,968	305,238
Gains (Loss)			
Disposal of Capital Assets	4,000	1,984	2,227
Write Down of Capital Assets	-	-	(25)
	4,000	1,984	2,202
Net Operating Results	$ (70,158)	$ (129,686)	$ (117,106)

The accompanying notes and schedules are part of these financial statements.

Statement of Financial Position

As at March 31, 2006
(in thousands)

	2006	2005
ASSETS		
Cash	$ 8,162	$ 9,417
Accounts Receivable (Note 3)	121,337	75,650
Loans and Advances	-	1
Inventories	4,949	4,998
Capital Assets (Note 4)	185,615	174,904
	$ 320,063	$ 264,970
LIABILITIES		
Accounts Payable and Accrued Liabilities (Note 5)	$ 79,690	$ 83,883
Unearned Revenue	36,345	30,234
	116,035	114,117
NET ASSETS		
Net Assets at Beginning of Year	150,853	185,295
Net Operating Results	(129,686)	(117,106)
Net Transfer from General Revenues	182,861	82,664
Net Assets at End of Year	204,028	150,853
	$ 320,063	$ 264,970

The accompanying notes and schedules are part of these financial statements.

Statement of Cash Flows

Year ended March 31, 2006
(in thousands)

	2006	2005
Operating Transactions		
Net Operating Results	$ (129,686)	$ (117,106)
Non-cash Items:		
Amortization	5,784	4,198
Write-down of Capital Assets	-	25
Gain on Disposal of Capital Assets	(1,984)	(2,227)
Valuation Adjustments	1,218	444
	(124,668)	(114,666)
Decrease (Increase) in Accounts Receivable	(46,015)	66,852
Decrease in Advances	1	6
Decrease (Increase) in Inventory	48	1,389
Decrease in Accounts Payable and Accrued Liabilities	(5,084)	(17,665)
Decrease (Increase) in Unearned Revenue	6,111	(241)
Cash Used by Operating Transactions	(169,607)	(64,325)
Investing Transactions		
Purchase of Capital Assets	(14,704)	(9,126)
Proceeds from Disposal of Capital Assets	2,284	2,339
Transfer of Capital Assets from other Government Entities	(2,089)	(9,917)
Cash Provided (Applied to) by Capital Transactions	(14,509)	(16,704)
Financing Transactions		
Net Transfer from General Revenues	182,861	82,664
Cash Provided by Financing Transactions	182,861	82,664
Increase (Decrease) in Cash	(1,255)	1,635
Cash, Beginning of Year	9,417	7,782
Cash, End of Year	$ 8,162	$ 9,417

The accompanying notes and schedules are part of these financial statements.

Notes to the Financial Statements
Year Ended March 31, 2006
(in thousands)

Note 1 Authority and Purpose

The Department of Sustainable Resource Development (the Department) operates under the authority of the Government Organization Act, Chapter G-10, Revised Statues of Alberta 2000. The Department also operates under the authority of the following acts:

Organization	Authority
The Department of Sustainable Resource Development	*Government Organization Act* *Boundary Surveys Act* *Wildlife Act* *Fisheries (Alberta) Act* *Forests Act* *Forest and Prairie Protection Act* *Forest Reserves Act* *Mines and Minerals Act* *Public Lands Act* *Surveys Act*
Surface Rights Board	*Surface Rights Act*
Land Compensation Board	*Expropriation Act*

The Department's core businesses are:

Wildfire Management - protects the multiple benefits received from forests within the Forest Protection Area of the province to prevent and suppress wildfire.

Natural Resource and Public Land Management - combines the efforts of all divisions towards achieving the goal of sustaining the benefits Albertans receive from their natural resources and public lands.

The activities of the Surface Rights Board and Land Compensation Board are contained within these financial statements.

The Surface Rights Board conducts hearings when an operator and landowner or an occupant fail to reach an agreement regarding entry or compensation related to resource activity on privately owned or occupied public lands.

The Land Compensation Board is responsible for policies and procedures for situations where a landowner's property is expropriated by a public authority.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. These financial statements are prepared in accordance with the following accounting policies that have been established by government for all departments.

(a) Reporting Entity

The reporting entity is the Department of Sustainable Resource Development, which is part of the Ministry of Sustainable Resource Development (the Ministry) and for which the Minister of Sustainable Resource Development is accountable. Other entities reporting to the Minister are the Environmental Protection and Enhancement Fund and the Natural Resources Conservation Board. The activities of these organizations are not included in these financial statements. The Ministry

Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the Minister of Finance. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net transfer from General Revenues is the difference between all cash receipts and all cash disbursements made.

(b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

The Department transfers all revenue received by the Department (excluding Dedicated Revenue) that is in excess of the Department's base revenue of $51,482 to the Environmental Protection and Enhancement Fund. The Environmental Protection and Enhancement Fund transfers any equity in excess of $150,000 to Alberta Finance through the Department of Sustainable Resource Development.

Dedicated Revenue

Dedicated revenue initiatives provide a basis for authorizing spending. Dedicated revenues are shown as credits or recoveries in the details of the Government Estimates for a supply vote. If actual dedicated revenues are less than budget and total voted expenses are not reduced by an amount sufficient to cover the deficiency in dedicated revenues, the following year's voted expenses are encumbered. If actual dedicated revenues exceed budget, the Department may, with the approval of Treasury Board, use the excess revenue to fund additional expenses of the program. Schedule 2 discloses information on the Department's dedicated revenue initiatives.

Expenses

Directly Incurred

Directly incurred expenses are those costs the Department has primary responsibility and accountability for, as reflected in the Government's budget documents.

In addition to program operating expenses such as salaries, supplies, etc., directly incurred expenses also include:

- amortization of tangible capital assets.
- pension costs which comprise the cost of employer contributions for current service of employees during the year.
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay.

Incurred by Others

Services contributed by other entities in support of the Department operations are disclosed in Schedule 8.

Assets

Financial assets of the Department are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals as well as inventories held for resale.

Assets acquired by right are not included. Tangible capital assets of the Department are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is $100 and the threshold for all other tangible capital assets is $5. All land is capitalized.

Donated tangible capital assets are recorded at their fair value at the time of contribution.

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Environmental Liabilities arise from the obligation to return disturbed land to an equivalent use (reclamation). When the Ministry is obligated to incur such costs, a reclamation liability is accrued based on management's best estimates. Where the environmental liabilities cannot be estimated, the nature of the liability and its potential effect on the ministry's financial statements is disclosed.

Net Assets

Net assets represents the difference between the carrying value of assets held by the Department and its liabilities.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash, accounts receivable, advances, and accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short-term nature of these instruments.

Measurement Uncertainty

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonable possible amount in the financial statements. In January 2006, the method for reporting some timber royalties changed from when the lumber was sold to when the timber was scaled. Timber producers were given an option of paying immediately for inventories not sold by December 31, 2005 or deferring payment over 12 months. The uncertainty lies in the dues rates over the next 9 months.

Timber dues revenue amounting to $2,929 recorded in these financial statements is subject to measurement uncertainty. While best estimates have been made for reporting items subject to measurement uncertainty, management considers that it is possible, based on existing knowledge, that changes in future conditions in the near term could require a material change in the recorded amounts. Near term is defined as a period of time not to exceed one year from the date of financial statements.

Note 3 Accounts Receivable

	2006			2005
	Gross Amount	Allowance For Doubtful Accounts	Net Realizable Value	Net Realizable Value
Accounts receivable	$ 125,535	$ 4,545	$ 120,990	$ 75,450
Refund from suppliers	347	-	347	200
	$ 125,882	$ 4,545	$ 121,337	$ 75,650

Accounts receivable are unsecured and interest bearing at various rates.

Notes to the Financial Statements
Year Ended March 31, 2006
(in thousands)

Note 4 Tangible Capital Assets

	Estimated Useful Life	2006 Cost	2006 Accumulated Amortization	2006 Net Book Value	2005 Net Book Value
General Capital Assets:					
Land	Infinite	$ 119,235	$ -	$ 119,235	$ 117,180
Buildings	40 years	32,548	14,685	17,863	15,967
Equipment	3-15 years	40,252	10,074	30,178	22,401
Computer Hardware and Software	5-10 years	17,943	9,906	8,037	7,370
Other	5-24 years	18,538	13,727	4,811	5,561
Infrastructure Assets:					
Land Improvements	15-40 years	44,456	39,977	4,479	5,259
Highways and Roads	20-40 years	5,976	5,035	941	1,090
Dam and Water Management Structures	20 years	97	26	71	76
		$ 279,045	$ 93,430	$ 185,615	$ 174,904

Land includes land acquired for building sites, infrastructure and other program use.

Equipment includes office, laboratory, vehicles, heavy, mobile, and fire protection equipment.

Highways and roads consist of original pavement, roadbed, drainage works and traffic control devices.

Other includes aircraft and aircraft engines.

Changes to tangible capital assets were as follows:

	2006	2005
Net Book Value at Beginning of Year	$ 174,904	$ 160,197
Tangible Capital Assets Purchased	14,704	9,126
Disposals and Write Downs	(298)	(138)
Transfer from other Government Entities	2,089	9,917
Amortization of Tangible Capital Assets	(5,784)	(4,198)
Net Book Value at End of Year	$ 185,615	$ 174,904

Notes to the Financial Statements
Year Ended March 31, 2006
(in thousands)

Note 5 Accounts Payable and Accrued Liabilities

	2006	2005
Payable to Environmental Protection and Enhancement Fund	$ 52,378	$ 56,978
Accrued Liabilities	12,388	9,826
Accounts Payable General	2,507	5,609
Vacation Pay	12,417	11,470
	$ 79,690	$ 83,883

Note 6 Environmental Liabilities

At March 31, 2006, the Ministry was still in the process of investigating the extent of work and costs required on all sites for which it may have reclamation obligations.

Note 7 Contractual Obligations

	2006	2005
Capital Construction contracts	$ -	$ -
Service contracts	12,325	11,097
Long-term leases	4,974	6,033
Grants	1,700	442
	$ 18,999	$ 17,572

The aggregate amounts payable for the unexpired terms of these contractual obligations are as follows:

	Capital Construction Contracts	Service Contracts	Leases	Grants	Total
2007	$ -	$ 5,399	$ 2,631	$ 1,700	$ 9,730
2008	-	1,022	1,534	-	2,556
2009	-	1,022	676	-	1,698
2010	-	1,022	133	-	1,155
2011	-	-	-	-	-
Thereafter	-	3,860	-	-	3,860
	$ -	$ 12,325	$ 4,974	$ 1,700	$ 18,999

Note 8 Contingent Liabilities

At March 31, 2006, the Department is a defendant in twenty legal claims (2005 - twenty-one legal claims). Eighteen of these claims have specified amounts totaling $10,633,994 and the remaining two have no specified amount (2005 - eighteen claims with specified amount totalling $10,639,532 and three with no specified amount). Included in the total legal claims are nine claims totalling $10,623,320 and one claim with no specified amount (2005 - six claims totalling $10,628,372 and one claim with no specified amount) in which the Department has been jointly named with other entities. Seven claims totalling $10,558 are covered by the Alberta Risk Management Fund (2005 - twelve legal claims totalling $11,128).

The resulting loss, if any, from these claims cannot be determined.

The Department is actively involved in various legal actions to recover amounts spent on fighting forest fires. The outcome of these actions is not determinable at the present time; however, the amounts that may be recovered are potentially significant.

Note 9 Trust Funds Under Administration

The Department administers trust funds that are regulated funds consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the funds and administers them for the purpose of various trusts, they are not included in the Department's financial statements.

At March 31, 2006 trust funds under administration were as follows:

	2006	2005
General Trust	$ 15,237	$ 13,505
Junior Forest Ranger Program	144	101
	$ 15,381	$ 13,606

General Trust is comprised of the following funds: Geophysical General Trust, Performance Deposit Trust, Forest Act Securities Trust, and Miscellaneous General Trust.

In addition to the above trust funds under administration, the Department holds bank guarantees in the form of letters of credit and promissory notes in the amount of $27,260 (2005 - $21,775).

Notes to the Financial Statements
Year Ended March 31, 2006
(in thousands)

Note 10 Defined Benefit Plans

The Department participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Department also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $7,791* for the year ended March 31, 2006 (2005 - $6,577).

At December 31, 2005, the Management Employees Pension Plan reported a deficiency of $165,895 (2004 - $268,101) and the Public Service Pension Plan reported a deficiency of $187,704 (2004 - $450,068). At December 31, 2005, the Supplementary Retirement Plan for Public Service Managers had a surplus of $10,018 (2004 - $9,404).

The Department also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2006, the Bargaining Unit Plan reported an actuarial deficiency of $8,699 (2005 - $11,817) and the Management, Opted Out and Excluded Plan an actuarial surplus of $8,309 (2005 - $3,208). The expense for these two plans is limited to employer's annual contributions for the year.

Note 11 Comparative Figures

Certain 2005 figures have been reclassified to conform to the 2006 presentation.

Note 12 Approval of Financial Statements

The financial statements were approved by the Senior Financial Officer and the Deputy Minister.

* Represents employers' annual contributions to MEPP, PSPP and the Supplementary Retirement Plan, and related Fund for Public Service Managers.

Revenues

Year ended March 31, 2006
(in thousands)

Schedule 1

	2006		2005
	Budget	Actual	Actual
Internal Government Transfers			
Allocation of Revenue to Environmental Protection and Enhancement Fund	$ (76,143)	$ (106,112)	$ (130,631)
Remission of Surplus from the Environmental Protection and Enhancement Fund	65,128	95,169	118,734
	(11,015)	(10,943)	(11,897)
Transfers from the Government of Canada			
Various	3,658	5,241	4,075
Investment Income	35	30	40
Premiums, Fees and Licenses			
Timber Royalties and Fees	80,700	86,390	129,854
Land and Grazing	52,000	58,030	50,925
Other	9,417	9,075	7,530
	142,117	153,495	188,309
Other Revenue			
Refunds of Expenditure	65	11,178	2,291
Other	3,575	6,297	3,112
	3,640	17,475	5,403
	$ 138,435	$ 165,298	$ 185,930

Dedicated Revenue Initiatives

Year ended March 31, 2006
(in thousands)

Schedule 2

	2006		
	Authorized Dedicated Revenue	Actual Dedicated Revenue	(Shortfall)/ Excess
Research from Fire Cost Recovery	$ 50	$ 50	$ -
Junior Forest Youth Program	225	160	(65)
National Forest Inventory	400	206	(194)
Hinton Training Centre	100	160	60
Smoky Lake Tree Improvement Centre	100	90	(10)
Spatial Data Warehouse	4,200	3,006	(1,194)
Public Lands	15,950	14,494	(1,456)
Fish and Wildlife	800	154	(646)
	$ 21,825	$ 18,320	(1) $ (3,505)

(1) Shortfall is deducted from current years authorized budget, as disclosed in Schedules 4 and 5 to the financial statements.

EnCana will make five annual payments, starting in 2005-06, to support research programs for wildfire suppression. This payment is part of a claim settlement for wildfire suppression expenses.

Youth Employment Initiatives in Natural Resources are delivered by Sustainable Resource Development in partnership with industry, communities, and other government departments to promote career opportunities for youth related to forestry and other natural resource fields. The initiatives include Junior Forest Rangers, Aboriginal Junior Forest Rangers and the newly developed Advanced Secondary Student Experience Training Program.

Federal funding is available to the province for its participation in the implementation of the National Forestry initiatives which can assist with critical provincial information update, implementation of associated provincial programs, such as the Alberta Biodiversity Monitoring Program, and evaluate processes to capture and enhance required information pertaining to forest resources.

The Hinton Training Centre dedicated revenue initiative was established for the purpose of collecting revenue for room and board, for classroom utilization, and the sale of interactive fire compact discs for national and international studies.

The Smoky Lake Tree Improvement Centre dedicated revenue initiative is to account for the project funding received from Manning Diversified Research Trust Fund for the work performed by the Alberta Tree Improvement and Seed Centre for scientific, resource conservation, and technology transfer for regional forest improvement in the Peace Region.

The Spatial Data Warehouse dedicated revenue initiative was established for the purpose of updating the cadastral base maps and the management and distribution of them. The source of this dedicated revenue is a filing fee for each survey plan filed at the Land Titles office.

Public Lands dedicated revenues, from the collection of fees for various dispositions (such as grazing, surface, etc.), were established pursuant to the *Public Lands Act* to deliver Public Lands Services related to day-to-day management and administering of decisions regarding planning for public lands allocated to an agricultural use.

The Fish and Wildlife dedicated revenue initiative promotes industry stewardship and investment in this provincial resource and fosters improved industry relationship with other stakeholders.

Note: The dedicated revenues presented in this schedule are included in the Department's Statement of Operations.

Expenses - Directly Incurred Detailed by Object

Year ended March 31, 2006
(in thousands)

Schedule 3

	2006		2005
	Budget	Actual	Actual
Voted			
Salaries, Wages and Employee Benefits	$ 125,011	$ 117,881	$ 108,091
Supplies and Services	61,803	58,479	48,215
Grants	13,685	112,284	141,575
Financial Transactions and Other	52	76	69
Consumption of Inventory	2,600	1,270	2,646
Amortization of Capital Assets	8,387	5,784	4,198
Total Voted Expense before Recoveries	211,538	295,774	304,794
Less Recovery from Support Service Arrangements with Related Parties (a)	-	(24)	-
	$ 211,538	$ 295,750	$ 304,794
Statutory			
Valuation Adjustments			
Provision for (Recovery of) Doubtful Accounts	655	327	(77)
Provision (Decrease) for Vacation Pay	400	891	521
	$ 1,055	$ 1,218	$ 444

(a) The Department provides financial and administrative services to the Ministry of Community Development. Costs incurred by the Department for these services are recovered from the Ministry of Community Development.

Budget

Year ended March 31, 2006
(in thousands)

Schedule 4

	2005-2006 Esimates	Adjustment (a)	2005-2006 Budget	Authorized Supplementary (b)	2005-2006 Authorized Budget
Revenues (Schedules 1 and 2)					
Transfer to the Environmental Protection and Enhancement Fund	$ (76,143)	$ -	$ (76,143)	$ -	$ (76,143)
Remission of Surplus from the Environmental Protection and Enhancement Fund	65,128	-	65,128	-	65,128
Transfers from the Government of Canada	3,658	-	3,658	-	3,658
Premiums, Fees, and Licenses	142,117	-	142,117	-	142,117
Investment Income	35	-	35	-	35
Other Revenue	3,640	-	3,640	-	3,640
	138,435	-	138,435	-	138,435
Expenses - Directly Incurred:					
Voted Operating Expenses					
Ministry Support Services	7,691	-	7,691	-	7,691
Wildfire Management	63,829	-	63,829	87,400	151,229
Natural Resource and Public Land Management	131,189	-	131,189	8,300	139,489
Land, Access and Compensation Boards	8,829	-	8,829	-	8,829
Dedicated Revenue Shortfall (Schedule 2)	-	(3,505)	(3,505)	-	(3,505)
	211,538	(3,505)	208,033	95,700	303,733
Statutory Expenses					
Valuation Adjustments and Other Provisions					
Provision for Doubtful Accounts	655	-	655	-	655
Provision for Vacation Pay	400	-	400	-	400
	1,055	-	1,055	-	1,055
Total Expenses	212,593	(3,505)	209,088	95,700	304,788
Gain (Loss) on Disposal of Tangible Capital Assets	4,000	-	4,000	-	4,000
Net Operating Results	$ (70,158)	$ 3,505	$ (66,653)	$ (95,700)	$ (162,353)
Equipment / Inventory Purchases (EIP)	$ 7,677	$ -	$ 7,677	$ -	$ 7,677
Capital Investment	$ 20,500	$ -	$ 20,500	$ -	$ 20,500

(a) Adjustments include encumbrances and dedicated revenue shortfalls. In the event that actual voted Operating / Equipment Inventory Purchases and Capital Investment in the prior year exceed that authorized, the difference is known as an encumbrance. The encumbrance reduces the budget amount voted in the current year.

(b) Supplementary Estimates were approved on December 1, 2005 and March 16, 2006. Treasury Board approval is pursuant to section 24(2) of the *Financial Administration Act*.

Comparison of Expenses - Directly Incurred, Equipment Inventory Purchases and Capital Investment and Statutory Expenses by Element to Authorized Budget

Year ended March 31, 2006
(in thousands)

Schedule 5

	2005-2006 Estimates	Adjustments (a)	2005-2006 Budget	Authorized Supplementary (b)	2005-2006 Authorized Budget	2005-2006 Actual (c)	Unexpended (Over Expended)
Voted Operating / Equipment Inventory Purchases and Capital Investments							
Ministry Support Services							
1.0.1 Minister's Office	$ 382	$ -	$ 382	$ -	$ 382	$ 382	$ -
1.0.2 Deputy Minister's Office	427	-	427	-	427	426	1
1.0.3 Communications	931	-	931	-	931	902	29
1.0.4 Human Resources	886	-	886	-	886	1,365	(479)
1.0.5 Strategic Corporate Services							
- Operating Expense	5,018	-	5,018	-	5,018	5,071	(53)
- Equipment / Inventory Purchases	100	-	100	-	100	43	57
1.0.6 Amortization of Tangible Capital Assets	47	-	47	-	47	37	10
	7,791	-	7,791	-	7,791	8,226	(435)
Wildfire Management							
2.0.1 Organizational Framework							
- Operating Expense	39,824	-	39,824	-	39,824	47,826	(8,002)
- Equipment / Inventory Purchases	2,864	-	2,864	-	2,864	3,222	(358)
- Capital Investment	20,500	-	20,500	-	20,500	8,942	11,558
2.0.2 Wildfire Prevention Planning and Operations	2,200	-	2,200	-	2,200	2,200	-
2.0.3 Wildfire Operations	14,588	-	14,588	87,400	101,988	93,776	8,212
- Equipment / Inventory Purchases	1,389	-	1,389	-	1,389	778	611
2.0.4 Amortization of Capital Assets	7,217	-	7,217	-	7,217	4,885	2,332
	88,582	-	88,582	87,400	175,982	161,629	14,353
Natural Resource and Public Land Management							
3.0.1 Fish and Wildlife							
- Operating Expense	47,150	-	47,150	-	47,150	47,276	(126)
- Equipment / Inventory Purchases	782	-	782	-	782	1,010	(228)
3.0.2 Public Lands and Forests							
- Operating Expense	71,463	-	71,463	8,300	79,763	75,716	4,047
- Equipment / Inventory Purchases	2,542	-	2,542	-	2,542	1,918	624
- Capital Investment	-	-	-	-	-	6	(6)
3.0.3 Strategic Forestry Initiatives							
- Operating Expense	4,853	-	4,853	-	4,853	4,608	245
- Equipment / Inventory Purchases	-	-	-	-	-	6	(6)
3.0.4 Amortization of Capital Assets	3,723	-	3,723	-	3,723	2,132	1,591
3.0.5 Nominal Sum Disposals	4,000	-	4,000	-	4,000	-	4,000
	134,513	-	134,513	8,300	142,813	132,672	10,141
Land, Access and Compensation Boards							
4.1.1 Natural Resources Conservation Board	6,792	-	6,792	-	6,792	6,392	400
4.2.1 Surface Rights and Land Compensation Boards	2,037	-	2,037	-	2,037	2,756	(719)
	8,829	-	8,829	-	8,829	9,148	(319)
Dedicated Revenue Shortfall	-	(3,505)	(3,505)	-	(3,505)	-	(3,505)
	239,715	(3,505)	236,210	95,700	331,910	311,675	20,235
Operating Expense	$ 211,538	$ (3,505)	$ 208,033	$ 95,700	$ 303,733	$ 295,750	$ 7,983
Equipment / Inventory Purchases	7,677	-	7,677	-	7,677	6,977	700
	219,215	(3,505)	215,710	95,700	311,410	302,727	8,683
Capital Investment	20,500	-	20,500	-	20,500	8,948	11,552
	$ 239,715	$ (3,505)	$ 236,210	$ 95,700	$ 331,910	$ 311,675	$ 20,235
Statutory Expenses:							
Valuation Adjustments	$ 1,055	$ -	$ 1,055	$ -	$ 1,055	$ 1,218	$ (163)

(a) Adjustments include encumbrances and dedicated revenue shortfalls. In the event that actual OP / EIP and Capital Investment in the prior year exceeded that authorized, the difference is known as an encumbrance. The encumbrance reduces the budgeted amount for voted OP / EIP and Capital Investment in the current year.

(b) Supplementary Estimates were approved on December 1, 2005 and on March 16, 2006. Treasury Board approval is pursuant to section 24(2) of the *Financial Administration Act*.

(c) Includes achievement bonus amounting to $1,679.

Salary and Benefits Disclosure

Year ended March 31, 2006

Schedule 6

	2006				2005
	Base Salary[1]	Other Cash Benefits[2]	Other Non-Cash Benefits[3]	Total	Total
Deputy Minister[4]	$ 189,225	$ 46,000	$ 40,289	$ 275,514	$ 228,559
Assistant Deputy Ministers					
Fish and Wildlife	138,664	17,000	30,714	186,378	164,926
Forest Protection[5]	161,832	30,713	5,262	197,807	176,160
Public Lands and Forests	144,108	27,500	31,811	203,419	172,371
Strategic Forestry Initiatives	130,167	14,000	28,775	172,942	176,887
Strategic Corporate Services	144,236	21,000	31,735	196,971	169,732
Sustainable Resource & Environmental Management[8]	84,784	20,000	21,201	125,985	-
Executives					
Policy and Planning[7]	103,786	19,000	24,582	147,368	130,701
Regional Office NorthWest	117,516	17,000	18,338	152,854	142,837
Regional Office NorthEast	113,098	22,572	26,546	162,216	137,539
Regional Office South[5][6]	115,307	19,934	26,043	161,284	146,977
Regional Office SouthWest[6]	28,684	-	6,442	35,126	132,420
Director, Human Resources Service[5]	104,358	20,117	24,853	149,328	120,716

Total salary and benefits relating to a position are disclosed.

(1) Salary includes regular base pay.

(2) Other cash benefits include bonuses, vacation payments, and lump sum payments.

(3) Benefits and allowances include the government's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, short and long term disability plans, WCB premiums, professional memberships and tuition fees.

(4) Automobile provided, no dollar amount included in benefits and allowances.

(5) Benefits and allowances include vacation payments to the Assistant Deputy Minister, Forest Protection, $3,213; two Regional Executive Directors, $8,806; and the Director of Human Resources, $4,117.

(6) Southwest and Southeast Regional Offices were amalgamated September 1, 2005.

(7) This position was occupied by two individuals through the year.

(8) Position was created in August 2005.

Related Party Transactions

Year ended March 31, 2006
(in thousands)

Schedule 7

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Department.

The Department and its employees paid or collected certain taxes and fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The Department had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry		Other Entities	
	2006	2005	2006	2005
Revenues				
Grants	$ 95,169	$ 118,734	$ -	$ -
Fees and Charges	-	-	235	14
	$ 95,169	$ 118,734	$ 235	$ 14
Expenses - Directly Incurred				
Grants	$ 104,301	$ 136,013	$ 161	$ -
Other services	-	-	7,735	7,874
	$ 104,301	$ 136,013	$ 7,896	$ 7,874
Tangible Capital Assets Transferred	$ -	$ -	$ 2,089	$ 9,917
Receivable from	$ 95,456	$ 52,856	$ 12	$ -
Payable to	$ 52,378	$ 56,978	$ 44	$ -

The Department also had the following transactions with related parties for which no consideration was exchanged. The amount for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements. Only the amounts for accommodation and legal are disclosed in Schedule 8.

	Entities in the Ministry		Other Entities	
	2006	2005	2006	2005
Expenses - Incurred by Others				
Accommodation	$ -	$ -	$ 17,551	$ 16,150
Air Transportation	-	-	269	6
Legal	-	-	1,233	1,054
	$ -	$ -	$ 19,053	$ 17,210

Allocated Costs

Year ended March 31, 2006
(in thousands)

Schedule 8

Program	2006 Expenses[1]	Expenses-Incurred by Others: Accommodation Costs	Expenses-Incurred by Others: Legal Services	Valuation Adjustments: Vacation Pay	Valuation Adjustments: Doubtful Accounts	2006 Expenses	2005 Expenses
Ministry Support Services	$ 8,183	$ 780	$ 131	$ 140	$ -	$ 9,234	$ 9,148
Wildfire Management	148,687	5,740	196	231	(7)	154,847	187,784
Natural Resource and Public Land Management	129,732	10,832	906	536	334	142,340	116,791
Land, Access and Compensation Boards	9,148	199	-	(16)	-	9,331	8,719
	$ 295,750	$ 17,551	$ 1,233	$ 891	$ 327	$ 315,752	$ 322,442

(1) Expenses - Directly Incurred as per Statement of Operations, excluding valuation adjustments.

Auditor's Report

AUDITOR GENERAL *Alberta*

To the Minister of Sustainable Resource Development

I have audited the statement of financial position of the Environmental Protection and Enhancement Fund (the Fund) as at March 31, 2006 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J. Dunn FCA
Auditor General

Edmonton, Alberta
May 19, 2006

Statement of Operations

Year ended March 31, 2006
(in thousands)

	2006		2005
	Budget	Actual	Actual
Revenues			
Transfer from the Department of Sustainable Resource Development (Note 7)	$ 92,931	$ 204,021	$ 260,452
Investment Income	3,840	3,573	2,664
Other Revenue	2,650	1,522	2,084
	99,421	209,116	265,200
Expenses			
Environment Statutory Programs	4,925	3,457	4,065
Natural Resources Emergency Program			
Forest Fires	28,788	102,469	140,857
Forest Health Program	500	7,942	1,464
Intercept Feeding and Fencing	80	79	80
	34,293	113,947	146,466
Net Operating Results	$ 65,128	$ 95,169	$ 118,734

The accompanying notes and schedules are part of these financial statements.

Statement of Financial Position

As at March 31, 2006
(in thousands)

	2006	2005
ASSETS		
Cash (Note 3)	$ 201,458	$ 154,494
Accounts Receivable (Note 4)	52,384	56,998
	253,842	211,492
LIABILITIES		
Accounts Payable and Accrued Liabilities	$ 100,445	56,830
Unearned Revenues	3,397	4,662
	103,842	61,492
NET ASSETS		
Net Assets at Beginning of Year	150,000	150,000
Net Operating Results	95,169	118,734
Transfer to Department of Sustainable Resource Development	(95,169)	(118,734)
Net Assets at End of Year (Note 6)	150,000	150,000
	$ 253,842	$ 211,492

The accompanying notes and schedules are part of these financial statements.

Statement of Cash Flows

Year ended March 31, 2006
(in thousands)

	2006	2005
Operating Transactions		
Net Operating Results	$ 95,169	$ 118,734
Decrease in Accounts Receivable	4,614	17,838
Increase (Decrease) in Accounts Payable and Accrued Liabilities	43,615	(46,120)
Decrease in Unearned Revenue	(1,265)	(1,701)
Cash Provided by Operating Transactions	142,133	88,751
Financing Transactions		
Transfer to Department of Sustainable Resource Development	(95,169)	(118,734)
Cash Provided (Used) by Financing Transactions	(95,169)	(118,734)
Increase (Decrease) in Cash	46,964	(29,983)
Cash, Beginning of Year	154,494	184,477
Cash, End of Year	$ 201,458	$ 154,494

The accompanying notes and schedules are part of these financial statements.

Notes to the Financial Statements
Year Ended March 31, 2006
(in thousands)

Note 1 Authority and Purpose

The Environmental Protection and Enhancement Fund (the Fund) operates under the authority of the *Environmental Protection and Enhancement Act* (EPEA), Chapter E-12, Revised Statues of Alberta 2000.

The Fund is comprised of the following components:

Land Reclamation

Natural Resources Emergency Program

Note 2 Summary of Significant Accounting Policies and Reporting Practices

The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. These financial statements are prepared in accordance with the following accounting policies that have been established by government for all departments.

(a) Reporting Entity

The reporting entity is the Fund, which is part of the Ministry of Sustainable Resource Development (the Ministry). The Minister of Sustainable Resource Development is accountable for the Fund's financial administration. Other entities reporting to the Minister are the Department of Sustainable Resource Development and the Natural Resources Conservation Board. The activities of these organizations are not included in these financial statements. The Ministry's Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

(b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

Expenses

Expenses represent the costs of resources consumed during the year on the Fund's operations.

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Net Assets

Net assets represents the difference between the carrying value of assets held by the Fund and its liabilities.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash, accounts receivable, and accounts payable and accrued liabilities are estimated to approximate their carrying values.

Notes to the Financial Statements
Year Ended March 31, 2006
(in thousands)

Note 3 Cash

Cash consists of a deposit in the Consolidated Cash Investment Trust Fund. The Fund is managed with the objective of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital.

The portfolio is comprised of high quality short-term and mid-term fixed income securities with a maximum term to maturity of three years. As at March 31, 2006, securities held by the Fund have an effective market yield of 3.95% per annum (March 31, 2005, 2.79% per annum).

Note 4 Accounts Receivable

	2006	2005
Department of Sustainable Resource Development	$ 52,378	$ 56,978
Other	6	20
	$ 52,384	$ 56,998

Note 5 Contractual Obligations

	2006	2005
Service contracts	$ 25,042	$ 57,077
Long-term leases	1,362	1,103
	$ 26,404	$ 58,180

The aggregate amounts payable for the unexpired terms of these contractual obligations are as follows:

	Service Contracts	Long-term Leases	Total
2007	$ 11,444	$ 674	$ 12,118
2008	10,361	441	10,802
2009	3,194	222	3,416
2010	43	25	68
	$ 25,042	$ 1,362	$ 26,404

Note 6 Net Assets

The Net Assets for the Fund are capped at $150,000 as per a Treasury Board decision.

Notes to the Financial Statements
Year Ended March 31, 2006
(in thousands)

Note 7 Transfer from the Department

The following revenue was received or is receivable from the Department of Sustainable Resource Development:

	2006	2005
Revenue in excess of Department's Base Revenue (a)	$ 106,112	$ 130,631
Fire Fighting Grant Revenue	3,098	4,857
Supplementary Estimate:		
Mountain Pine Beetle	7,440	964
Forest Fires	87,371	124,000
	$ 204,021	$ 260,452

(a) All revenue received by the Department (excluding Dedicated Revenue) that is in excess of the Department's base revenue of $51,482 (2005 - $51,482).

Note 8 Salary and Benefits Disclosure

The Province's salary and benefit disclosure requirements for the Executives are disclosed in the financial statements of the Department of Sustainable Resource Development.

Note 9 Budget Figures

The revenue and expenditure budget amounts disclosed in these financial statements agree with the 2005-2006 Government Estimates.

Note 10 Approval of Financial Statements

The financial statements were approved by the Senior Financial Officer and the Deputy Minister.

Expenses - Directly Incurred Detailed by Object

Year ended March 31, 2006
(in thousands)

Schedule 1

	2006		2005
	Budget	Actual	Actual
Salaries, Wages and Employee Benefits	$ 3,163	$ 19,849	$ 22,985
Supplies and Services	26,155	90,640	119,404
Grants	4,975	3,458	4,077
Total Expenses	$ 34,293	$ 113,947	$ 146,466

Related Party Transactions

Year ended March 31, 2006
(in thousands)

Schedule 2

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Fund.

The Fund had the following transactions with related parties recorded on the Statement of Operations at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry		Other Entities	
	2006	2005	2006	2005
Revenues				
Transfer from Department of Sustainable Resource Development	$ 106,112	$ 130,631	$ -	$ -
Grants from Department of Sustainable Resource Development	97,909	129,821	-	-
	$ 204,021	$ 260,452	$ -	$ -
Expenses - Directly Incurred				
Other services	-	-	3,457	4,088
Receivable from	$ 52,378	$ 56,978	$ -	$ -
Payable to	$ 95,455	$ 52,856	$ 1,023	$ 1,435

Auditor's Report

AUDITOR GENERAL *Alberta*

To the Members of the Natural Resources Conservation Board

I have audited the statement of financial position of the Natural Resources Conservation Board as at March 31, 2006 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J. Dunn FCA
Auditor General

Edmonton, Alberta
May 5, 2006

Statement of Operations

For the Year ended March 31, 2006

	2006		2005
	Budget	Actual	Actual
Revenues			
Transfer from the Department of Sustainable Resource Development	$ 6,792,000	$ 6,392,000	$ 6,192,000
Interest	10,000	118,335	94,660
Other	1,000	76,073	30,780
	6,803,000	6,586,408	6,317,440
Expenses			
Salaries and benefits	4,960,150	4,913,172	4,506,131
Travel	678,750	500,270	564,202
Office	473,050	352,365	465,816
Consulting services	528,700	301,489	384,670
Telecommunications	113,100	92,868	89,929
Amortization of capital assets	50,000	79,116	162,638
Advertising	32,250	43,887	19,803
	6,836,000	6,283,167	6,193,189
Net Operating Results	$ (33,000)	$ 303,241	$ 124,251

The accompanying notes and schedule of allocated costs are part of these financial statements.

Statement of Financial Position

For the Year ended March 31, 2006

	2006	2005
ASSETS		
Cash (Note 3)	$ 1,974,722	$ 1,656,840
Accounts Receivable	3,358	17,903
Current Assets	1,978,080	1,674,743
Capital Assets (Note 4)	159,276	206,440
	$ 2,137,356	$ 1,881,183
LIABILITIES AND NET ASSETS		
Accounts Payable and Accrued Liabilities	$ 570,387	$ 617,455
Net Assets at Beginning of Year	1,263,728	1,139,477
Net Operating Results	303,241	124,251
Net Assets at End of Year	1,566,969	1,263,728
	$ 2,137,356	$ 1,881,183

The accompanying notes and schedule of allocated costs are part of these financial statements.

Statement of Cash Flows

For the Year ended March 31, 2006

	2006	2005
Cash provided by:		
Operating activities		
Net Operating Results	$ 303,241	$ 124,251
Non-cash expense:		
Amortization of Capital Assets	79,116	162,638
	382,357	286,889
Changes in operating non-cash working capital		
Accounts Receivable	14,545	20,055
Accounts Payable and Accrued Liabilities	(47,068)	65,491
	349,834	372,435
Investing activities		
Acquisition of capital assets	(31,952)	-
	(31,952)	-
Net increase in cash during the year	317,882	372,435
Cash, Beginning of year	1,656,840	1,284,405
Cash, End of year	$ 1,974,722	$ 1,656,840

The accompanying notes and schedule of allocated costs are part of these financial statements.

Notes to the Financial Statements
March 31, 2006

Note 1 Authority and Purpose

The Natural Resources Conservation Board (the NRCB) operates under the authority of the *Natural Resources Conservation Board Act*, Chapter N-3, RSA 2000 (NRCBA). The NRCB provides for an impartial process to review projects that will or may affect the natural resources of the Province of Alberta. Included in this mandate are reviewable projects described in the NRCBA as well as the regulatory responsibilities set out in Part 2 of the *Agricultural Operation Practices Act*, Chapter A-7, RSA 2000 (AOPA) for the approval, monitoring and compliance of livestock confined feeding operations.

Note 2 Significant Accounting Policies

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. The precise determination of many assets and liabilities is dependent on future events. As a result, the preparation of financial statements involves the use of estimates and approximations which have been made using careful judgment. Actual results could differ from those estimates and approximations. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below:

(a) Capital Assets

Capital assets are recorded at cost. These assets are amortized over their estimated useful lives commencing in the month following acquisition, using the following annual rates and methods:

Computer hardware	-	33 1/3% straight line
Office equipment	-	20% declining balance
Office furniture	-	20% declining balance

(b) Pension Expense

Multi-employer pension plans

Multi-employer defined benefit plans are accounted for as defined contribution plans.

(c) Revenue Recognition

Operating transfers are recorded as revenue in the years for which they are approved.

(d) Valuation of Financial Assets and Liabilities

The fair values of accounts receivable and accounts payable and accrued liabilities are estimated to approximate their carrying values.

Note 3 Cash

Cash consists of deposits in the Consolidated Cash Investment Trust Fund. The Fund is managed by the Province of Alberta to provide interest income at competitive rates to depositors while maintaining maximum security and liquidity of depositors' capital. The Fund is comprised of high quality short-term and mid-term fixed income securities with a maximum term to maturity of three years. The average effective yield for fiscal 2006 was 3.95% (2005: 2.79%).

Note 4 Capital Assets

Capital assets are recorded at cost less accumulated amortization.

	2006			2005
	Cost	Accumulated Amortization	Net	Net
Computer hardware	$ 379,926	$ 362,411	$ 17,515	$ 53,579
Office equipment	74,405	31,569	42,836	31,705
Office furniture	292,047	193,122	98,925	121,156
	$ 746,378	$ 587,102	$ 159,276	$ 206,440

Note 5 Pension

The NRCB participates in the Management Employees Pension Plan and Supplementary Retirement Plan for Public Service Managers which are government multi-employer pension plans. The expense for these pension plans aggregates $115,714 for the year ended March 31, 2006 (2005: $96,891).

In addition, the NRCB sponsors a defined contribution pension plan for employees who are not eligible to participate in the government sponsored pension plans. The expense for this pension plan is $197,372 for the year ended March 31, 2006 (2005: $184,258). Pension expense comprises the cost of employer contributions for the current service of employees during the year.

Note 6 Salaries and Benefits

	2006				2005
	Base Salary	Other Cash Benefits[a]	Other Non-Cash Benefits[b]	Total	Total
Chair[c][d]	$ 125,226	$ 17,399	$ 15,499	$ 158,124	$ 202,571
Board Member 1	123,613	15,507	26,170	165,290	146,047
Board Member 2	123,613	16,462	24,196	164,271	145,189
Board Member 3	123,613	10,895	27,505	162,013	147,433
Board Member 4	123,613	9,335	28,706	161,654	149,103
Board Member 5	123,613	9,337	27,848	160,798	145,819
Interim COO[e]	90,682	-	7,636	98,318	-

(a) Other cash benefits include bonuses, benefits and vacation payouts.

(b) Other non-cash benefits include the NRCB's share of all employee benefits and contributions or payments made on behalf of employees including Employment Insurance, Canada Pension Plan, Alberta pension plans, health benefits, professional memberships, and WCB premiums. The NRCB is a participant in the Alberta Energy and Utilities Board (EUB) flexible health benefit plan.

(c) Automobile provided to the chair, no dollar amount included in other non-cash benefits figures.

(d) The position was occupied by two individuals through the year. The Interim Chair was appointed by Order in Council, O.C. 475/2005 and 579/2005.

(e) The position was created on September 30, 2005.

Note 7 Related Party Transactions

Related parties are those entities consolidated or accounted for on the modified equity basis in the Province of Alberta's financial statements.

The NRCB received $6,392,000 (2005: $6,192,000) in net transfers from the Department of Sustainable Resource Development and $118,335 (2005: $95,441) in revenue from other Government of Alberta departments. During the year, the NRCB paid $50,260 (2005: $57,164) to various Government of Alberta departments and agencies for supplies and/or services. The Statement of Financial Position also includes $3,768 (2005: $2,913) as payable to various government entities.

In addition, the NRCB entered into the following transactions which are not reflected in the Statement of Operations:

Certain expenses for office space incurred on behalf of the NRCB by Alberta Infrastructure. These expenses amount to approximately $365,639 (2005: $365,990) and are reflected in the Schedule of Allocated Costs.

The NRCB has a Memorandum of Understanding (MOU) with the EUB to share resources on an ongoing basis and a Secondment Exchange Agreement (SEA) which expires on December 31, 2006. Under the MOU and SEA, the NRCB is both a service provider and a service recipient. As a service provider, the NRCB contributed $33,606 (2005: $5,218) in services to the EUB. As a service recipient, the NRCB received services from the EUB of $19,902 (2005: $10,258).

Certain office equipment is provided by Alberta Agriculture Food and Rural Development for the NRCB's use.

Note 8 Comparative Figures

Certain 2005 figures have been reclassified to conform to the 2006 presentation.

Note 9 Approval of Financial Statements

These financial statements were approved by the Interim Chair and Interim COO.

Notes to the Financial Statements
Schedule of Allocated Costs
March 31, 2006

Mandates	2006 Expenses	2006 Expenses incurred by others: Office Costs[1]	2006 Expenses incurred by others: Shared Services[1]	2006 Total Expenses	2005 Total Expenses
AOPA Mandate[2]	$ 5,991,475	$ 348,664	$ 19,724	$ 6,359,863	$ 6,168,125
NRCBA Mandate[3]	291,692	16,975	178	308,845	401,312
	$ 6,283,167	$ 365,639	$ 19,902	$ 6,668,708	$ 6,569,437

(1) See Note 7, Related Party Transactions.

(2) AOPA mandate comprises expenses related to the approval, monitoring and compliance, and reviews of livestock confined feeding operations.

(3) NRCBA mandate comprises expenses related to past and potential projects including Highwood Storage, Glacier, Muskeg Valley Quarry, Hammerstone, research, and agreements with the EUB shown in Note 7.

Unaudited Statement of Remissions, Compromises and Write-Offs

For the Year ended March 31, 2006

The following statement has been prepared pursuant to Section 23 of the *Financial Administration Act*. The statement includes all remissions, compromises and write-offs made or approved during the fiscal year.

Remissions under Section 21 of the *Financial Administration Act*:		$	0.00
Compromises under Section 22 of the *Financial Administration Act*:			62,711.94
Write-offs:			
Departmental Accounts Receivable	1,698,211.99		
Departmental Accounts Payable Credits	0.00		
Total write-offs			1,698,211.99
Total remissions, compromises and write-offs		$	1,760,923.93

Alphabetical List of Entities' Financial Statements in Ministry 2005-06 Annual Reports

Entities Included in the Consolidated Government Reporting Entity

Ministry, Department, Fund or Agency	Ministry Annual Report
Access to the Future Fund[1]	Advanced Education
Agriculture Financial Services Corporation	Agriculture, Food and Rural Development
Alberta Alcohol and Drug Abuse Commission	Health and Wellness
Alberta Capital Finance Authority	Finance
Alberta Energy and Utilities Board	Energy
Alberta Foundation for the Arts	Community Development
Alberta Gaming and Liquor Commission	Gaming
Alberta Heritage Foundation for Medical Research Endowment Fund	Finance
Alberta Heritage Savings Trust Fund	Finance
Alberta Heritage Scholarship Fund	Finance
Alberta Heritage Science and Engineering Research Endowment Fund	Finance
Alberta Historical Resources Foundation	Community Development
Alberta Insurance Council	Finance
Alberta Local Authorities Pension Plan Corporation[2]	Finance
Alberta Pensions Administration Corporation	Finance
Alberta Petroleum Marketing Commission	Energy
Alberta Research Council Inc.	Innovation and Science
Alberta Risk Management Fund	Finance
Alberta School Foundation Fund	Education

[1] Established July 10, 2005.

[2] Incorporated December 16, 2005

Ministry, Department, Fund or Agency	Ministry Annual Report
Alberta Science and Research Authority	Innovation and Science
Alberta Securities Commission	Finance
Alberta Social Housing Corporation	Seniors and Community Supports
Alberta Sport, Recreation, Parks and Wildlife Foundation	Community Development
Alberta Treasury Branches	Finance
ATB Investment Management Inc.	Finance
ATB Investment Services Inc.	Finance
ATB Services Inc.	Finance
Child and Family Services Authorities:	Children's Services
Calgary and Area Child and Family Services Authority	
Central Alberta Child and Family Services Authority	
East Central Alberta Child and Family Services Authority	
Edmonton and Area Child and Family Services Authority	
North Central Alberta Child and Family Services Authority	
Northeast Alberta Child and Family Services Authority	
Northwest Alberta Child and Family Services Authority	
Southeast Alberta Child and Family Services Authority	
Southwest Alberta Child and Family Services Authority	
Metis Settlements Child and Family Services Authority	
Credit Union Deposit Guarantee Corporation	Finance
Department of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Department of Advanced Education	Advanced Education
Department of Children's Services	Children's Services
Department of Community Development	Community Development
Department of Education	Education
Department of Energy	Energy
Department of Finance	Finance
Department of Gaming	Gaming
Department of Health and Wellness	Health and Wellness
Department of Innovation and Science	Innovation and Science
Department of Seniors and Community Supports	Seniors and Community Supports
Department of Solicitor General and Public Security	Solicitor General and Public Security
Department of Sustainable Resource Development	Sustainable Resource Development
Environmental Protection and Enhancement Fund	Sustainable Resource Development
Gainers Inc.	Finance
Government House Foundation	Community Development
Historic Resources Fund	Community Development
Human Rights, Citizenship and Multiculturalism Education Fund	Community Development
iCORE Inc.	Innovation and Science
Lottery Fund	Gaming
Ministry of Aboriginal Affairs and Northern Development[3]	Aboriginal Affairs and Northern Development
Ministry of Advanced Education	Advanced Education
Ministry of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development

[3] Ministry includes only the departments so separate departmental financial statements are not necessary.

Ministry, Department, Fund or Agency	Ministry Annual Report
Ministry of Children's Services	Children's Services
Ministry of Community Development	Community Development
Ministry of Economic Development[3]	Economic Development
Ministry of Education	Education
Ministry of Energy	Energy
Ministry of Environment[3]	Environment
Ministry of Executive Council[3]	Executive Council
Ministry of Finance	Finance
Ministry of Gaming	Gaming
Ministry of Government Services[3]	Government Services
Ministry of Health and Wellness	Health and Wellness
Ministry of Human Resources and Employment[3]	Human Resources and Employment
Ministry of Infrastructure and Transportation3	Infrastructure and Transportation
Ministry of Innovation and Science	Innovation and Science
Ministry of International and Intergovernmental Relations[3]	International and Intergovernmental Relations
Ministry of Justice[3]	Justice
Ministry of Municipal Affairs[3]	Municipal Affairs
Ministry of Restructuring and Government Efficiency[3]	Restructuring and Government Efficiency
Ministry of Seniors and Community Supports	Seniors and Community Supports
Ministry of Solicitor General and Public Security	Solicitor General and Public Security
Ministry of Sustainable Resource Development	Sustainable Resource Development
N.A. Properties (1994) Ltd.	Finance
Natural Resources Conservation Board	Sustainable Resource Development
Persons with Developmental Disabilities Community Boards:	Seniors and Community Supports
Seniors and Community Supports	
Calgary Region Community Board	
Central Region Community Board	
Edmonton Region Community Board	
Northeast Region Community Board	
Northwest Region Community Board	
South Region Community Board	
Persons with Developmental Disabilities Provincial Board	Seniors and Community Supports
Provincial Judges and Masters in Chambers Reserve Fund	Finance
Safety Codes Council	Municipal Affairs
Supplementary Retirement Plan Reserve Fund	Finance
Victims of Crime Fund	Solicitor General and Public Security
Wild Rose Foundation	Community Development

Entities Not Included in the Consolidated Government Reporting Entity

Ministry, Department, Fund or Agency	Ministry Annual Report
Alberta Foundation for Health Research	Innovation and Science
Alberta Heritage Foundation for Medical Research	Innovation and Science
Alberta Heritage Foundation for Science and Engineering Research	Innovation and Science
Alberta Teachers' Retirement Fund Board	Education
Improvement Districts' Trust Account	Municipal Affairs
Local Authorities Pension Plan	Finance
Long-Term Disability Income Continuance Plan - Bargaining Unit	Human Resources and Employment
Long-Term Disability Income Continuance Plan - Management, Opted Out and Excluded	Human Resources and Employment
Management Employees Pension Plan	Finance
Provincial Judges and Masters in Chambers Pension Plan	Finance
Provincial Judges and Masters in Chambers (Unregistered) Pension Plan	Finance
Public Service Management (Closed Membership) Pension Plan	Finance
Public Service Pension Plan	Finance
Special Areas Trust Account	Municipal Affairs
Special Forces Pension Plan	Finance
Supplementary Retirement Plan for Public Service Managers	Finance
Workers' Compensation Board	Human Resources and Employment

Schools, Universities, Colleges and Hospitals Included in the Consolidated Government Reporting Entity on a Modified Equity Basis[4]

School Boards and Schools	Ministry Annual Report
Almadina School Society	Education
Aspen View Regional Division No. 19	Education
Aurora School Ltd.	Education
Battle River Regional Division No. 31	Education
Black Gold Regional Division No. 18	Education
Boyle Street Education Centre	Education
Buffalo Trail Public Schools Regional Division No. 28	Education
Calgary Arts Academy Society	Education
Calgary Girls' School Society	Education
Calgary Roman Catholic Separate School District No. 1	Education

[4] The Public Sector Accounting Board of the Canadian Institute of Chartered Accountants has issued standards that require controlled entities to be fully consolidated line-by-line. In a transitional period to March 31, 2008, the Ministry is permitted to use the modified equity method of accounting. Under the modified equity method, the controlled entities' net assets and operating results would be included in one line on the Ministry's consolidated statements of financial position and operations, respectively. The Ministry has not yet included the financial statements of these controlled entities. In the transitional period, the government will assess when and how to include these controlled entities in the Ministry's consolidated financial statements. The financial results of these controlled entities are included in the consolidated financial statements of the Province of Alberta for the year ended March 31, 2006 on a modified equity basis.

School Boards and Schools	Ministry Annual Report
Calgary School District No. 19	Education
Calgary Science School Society	Education
Canadian Rockies Regional Division No. 12	Education
CAPE-Centre for Academic and Personal Excellence Institute	Education
Chinook's Edge School Division No. 73	Education
Christ the Redeemer Catholic Separate Regional Division No. 3	Education
Clearview School Division No. 71	Education
East Central Alberta Catholic Separate Schools Regional Division No. 16	Education
East Central Francophone Education Region No. 3	Education
Edmonton Catholic Separate School District No. 7	Education
Edmonton School District No. 7	Education
Elk Island Catholic Separate Regional Division No. 41	Education
Elk Island Public Schools Regional Division No. 14	Education
Evergreen Catholic Separate Regional Division No. 2	Education
Foothills School Division No. 38	Education
Fort McMurray Roman Catholic Separate School District No. 32	Education
Fort McMurray School District No. 2833	Education
Fort Vermilion School Division No. 52	Education
Foundations for the Future Charter Academy Charter School Society	Education
Golden Hills School Division No. 75	Education
Grande Prairie Roman Catholic Separate School District No. 28	Education
Grande Prairie Public School District No. 2357	Education
Grande Yellowhead Regional Division No. 35	Education
Grasslands Regional Division No. 6	Education
Greater North Central Francophone Education Region No. 2	Education
Greater Southern Public Francophone Education Region No. 4	Education
Greater Southern Separate Catholic Francophone Education Region No. 4	Education
Greater St. Albert Catholic Regional Division No. 29	Education
High Prairie School Division No. 48	Education
Holy Family Catholic Regional Division No. 37	Education
Holy Spirit Roman Catholic Separate Regional Division No. 4	Education
Horizon School Division No. 67	Education
Lakeland Roman Catholic Separate School District No. 150	Education
Lethbridge School District No. 51	Education
Living Waters Catholic Regional Division No. 42	Education
Livingstone Range School Division No. 68	Education
Medicine Hat Catholic Separate Regional Division No. 20	Education
Medicine Hat School District No. 76	Education
Moberly Hall School Society	Education
Mother Earth's Children's Charter School Society	Education
New Horizons Charter School Society	Education
Northern Gateway Regional Division No. 10	Education
Northern Lights School Division No. 69	Education

School Boards and Schools	Ministry Annual Report
Northland School Division No. 61	Education
Northwest Francophone Education Region No. 1	Education
Palliser Regional Division No. 26	Education
Parkland School Division No. 70	Education
Peace River School Division No. 10	Education
Peace Wapiti School Division No. 76	Education
Pembina Hills Regional Division No. 7	Education
Prairie Land Regional Division No. 25	Education
Prairie Rose Regional Division No. 8	Education
Red Deer Catholic Regional Division No. 39	Education
Red Deer School District No. 104	Education
Rocky View School Division No. 41	Education
St. Albert Protestant Separate School District No. 6	Education
St. Paul Education Regional Division No. 1	Education
St. Thomas Aquinas Roman Catholic Separate Regional Division No. 38	Education
Sturgeon School Division No. 24	Education
Suzuki Charter School Society	Education
Westmount Charter School Society	Education
Westwind School Division No. 74	Education
Wetaskiwin Regional Division No. 11	Education
Wild Rose School Division No. 66	Education
Wolf Creek School Division No. 72	Education

Universities	
Athabasca University	Advanced Education
The University of Alberta	Advanced Education
The University of Calgary	Advanced Education
The University of Lethbridge	Advanced Education

Colleges	
Alberta College of Art and Design	Advanced Education
Bow Valley College	Advanced Education
Grande Prairie Regional College	Advanced Education
Grant MacEwan College	Advanced Education
Keyano College	Advanced Education
Lakeland College	Advanced Education
Lethbridge Community College	Advanced Education
Medicine Hat College	Advanced Education
Mount Royal College	Advanced Education
NorQuest College	Advanced Education
Northern Lakes College	Advanced Education
Olds College	Advanced Education
Portage College	Advanced Education
Red Deer College	Advanced Education

Technical Institutes and the Banff Centre

Northern Alberta Institute of Technology	Advanced Education
Southern Alberta Institute of Technology	Advanced Education
The Banff Centre for Continuing Education	Advanced Education

Regional Health Authorities and Other Health Institutions

Alberta Cancer Board	Health and Wellness
Alberta Mental Health Board	Health and Wellness
Aspen Regional Health Authority	Health and Wellness
Calgary Health Region	Health and Wellness
Capital Health	Health and Wellness
Chinook Regional Health Authority	Health and Wellness
David Thompson Regional Health Authority	Health and Wellness
East Central Health	Health and Wellness
Northern Lights Regional Health Authority	Health and Wellness
Peace Country Health	Health and Wellness
Palliser Health Region	Health and Wellness